CITY OF LAFAYETTE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The

Fiscal Year Ended September 30, 2009

Johnnie Arnold

City Manager

By Authority Of

Mayor and Council

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal 3

GFOA Certificate of Achievement for Excellence in Financial Reporting 7

Organizational Chart and List of Elected and Appointed Officials 8

FINANCIAL SECTION

Independent Auditor's Report 11

Management's Discussion and Analysis 13

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets 27

Statement of Activities 28

Fund Financial Statements:

Balance Sheet – Governmental Funds 30

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 31

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 32

Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund – Budget and Actual 33

Statement of Net Assets – Proprietary Funds 34

Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds 36

Statement of Cash Flows – Proprietary Fund Funds 37

Notes to the Financial Statements 39

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds 58

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds 59

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Hotel/Motel Tax Special Revenue – Budget and Actual 60

TABLE OF CONTENTS

Page

Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Fund – 2003 SPLOST - Budget and Actual 61

Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Fund – 2008 SPLOST - Budget and Actual 62

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Police Special Revenue – Budget and Actual 63

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Police Forfeiture Special Revenue – Budget and Actual 64

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Police Technology Special Revenue – Budget and Actual 65

STATISTICAL SECTION

Net Assets by Component 68

Changes in Net Assets 69

Fund Balances of Governmental Funds 71

Changes in Fund Balances of Governmental Funds 72

Assessed Value and Estimated Actual Value of Taxable Property 73

Direct and Overlapping Property Tax Rates 74

Principal Property Taxpayers 75

Property Tax Levies and Collections 76

Ratios of Outstanding Debt by Type 77

Direct and Overlapping Governmental Activities Debt 78

Pledged Revenue Coverage 79

Demographic and Economic Statistics 80

Principal Employers 81

Number of City Employees by Function 82

Operating Indicators by Function/Program 83

Capital Asset Statistics by Function 84

TABLE OF CONTENTS

Page

COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards* 86

Schedule of Findings and Responses 88

INTRODUCTORY SECTION

CITY OF LAFAYETTE
SOUTH DUKE STREET
P.O. BOX 89
LAFAYETTE, GEORGIA 30728

February 26, 2010

To the Honorable Mayor, Members of the City Council
And Citizens of the City of LaFayette

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of LaFayette, Georgia, for the fiscal year ended September 30, 2009. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State law requires local governments to publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) as promulgated by the GASB. This report is presented in three sections and includes the following information.

Introductory section – Includes this letter of transmittal with comments on the operations of the City, the City's organizational chart, a list of principal elected and appointed officials, and the Government Finance Officers Association of the United States (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the City's 2008 report.

Financial section – Includes management's discussion and analysis, government-wide financial statements, fund financial statements, notes to basic financial statements, and required supplementary information, as well as the report of independent public accounts on the financial statements and schedules. The City also includes an additional supplemental section that includes the combining fund financial statements for nonmajor funds, but it is not a required section of the report.

Statistical section – Includes selected financial and demographic information, generally presented on a multi-year basis, and various continuing disclosure information.

The new reporting model issued by the GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

LaFayette, the county seat of Walker County, was incorporated on September 30, 1835. The City is located approximately 35 miles south of Chattanooga, Tennessee and has an incorporated area of approximately seven square miles.

The City is governed by a Mayor and a City Council comprised of five members. The Mayor is elected citywide every four years for a four-year term. Council members are elected from each of the five wards of the City for a four-year term. The City Manager is appointed by the Mayor and Council.

The Reporting Entity

The accompanying CAFR includes all governmental activities, organizations, and functions for which the City is financially accountable.

The City provides a full range of municipal government and utility services. Included in these services are traditional city functions such as police and fire protection, highway and street maintenance, culture and recreation, public improvements, planning and zoning, and general administrative services. In addition to general government activities, the City has several enterprise operations including electric, gas, solid waste, water and sewer, golf and a municipal airport.

A related organization not included as part of the reporting entity is the LaFayette Housing Authority, which provides low-income housing to eligible City residents. The reason for not including this entity is that the City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the organization.

Economic conditions and outlook

LaFayette remains in good financial condition, as is demonstrated by the financial statements and schedules included in this report. The assessed value of all taxable property (2007 digest) increased by 7.8% over the 2007 valuation. The business environment outlook for LaFayette continues to be favorable despite the economic downturn experienced by other regions of the country. The City's broadly diversified economic base supports several nationally known companies, including GE, Bluebird Bus Company, Shaw and Colorspectrum, as well as other smaller commercial and industrial companies. Some of the reasons that these enterprises chose LaFayette as a local or regional business center include: the City's strategic Southeast location, convenience to local and national highways, rail and air transportation, city owned utilities at low rates, abundant labor, educational and cultural resources, and overall quality of life.

As the Council was considering the fiscal year 2009 adopted budget, the City was still feeling the effects of the local and national slowdown in the economy. Department Heads were instructed to take a very conservative approach at revenue and expenditure projections, but also to look at ways to make their department (and the City) safer and more secure. During the year, the budget was amended mostly to adjust for additional revenue and expenditures. The expected growth within the community should help to increase revenue so as to prevent the requirements to obtain additional funding through loans in the foreseeable future. As part of the City's long-term financial planning efforts, and also to take advantage of currently lower interest rates and to allow for additions and improvements of capital projects even in a downturning economy, the City issued bonds in October, 2008. While this budget has been one of the most challenging to manage in many years, all city employees helped by continuing to provide quality services and to meet the needs of our citizens.

FINANCIAL INFORMATION

Accounting Systems and Budgetary Control

In developing and evaluating the City's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

Transactions are executed in accordance with management's general or specific authorization.

Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-

related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.

Access to assets is permitted only in accordance with management's authorization.

The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The City's internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. Reasonable assurance recognizes that the cost of a control should not exceed the expected benefit.

We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The official level of City budget control (the level on which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is the activity (department) level. The City Manager and all department heads are provided with monthly budget reports showing appropriations, expenditures to date, remaining balances and percentages. The City's budget procedures are more fully explained in the accompanying Notes to the Financial Statements.

Local Economy

Major industries located within the government's boundaries include a school bus manufacturer, home appliance manufacturer, and several industrial component manufacturers, supplying the automotive and textile industries. All have been ongoing business concerns for at least the last ten years, and their economic viability is expected to continue, in spite of the national economic downturn, which has had a fairly substantial impact on the local economy, mainly in the form of layoffs and reduced production shifts. None of the aforementioned industries currently anticipates total business closure.

The previous ten years' trend data indicates that an economic upswing at the national level would also have an effect at the local level, allowing these industries to return to production and employment levels previously enjoyed.

Major Initiatives

With the voters' approval of a proposed special purpose local option sales tax (SPLOST) referendum, City management decided to issue general obligation bonds equal to the City's share of the expected revenue from the one cent SPLOST tax over its five-year life. This bond issue allows the City to expedite completion of various projects and equipment acquisitions to better, and in a more timely fashion, serve the citizenry. The bonds will be repaid over five years with future SPLOST proceeds.

OTHER INFORMATION

Independent Audit

The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Williamson & Company was selected by the City Council. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the general-purpose financial statements and combining and individual fund statements is included in the financial section of this report. The auditor's report on internal controls and compliance with applicable laws and regulations can be found in the last section of this report.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of LaFayette for its comprehensive annual financial report for

the year ended September 30, 2008. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

We wish to take this opportunity to thank the Mayor and Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. The preparation of this report could not be accomplished without the efficient and dedicated service of the entire staff of the City Clerk's office. We would like to express our appreciation to all members of the staff who assisted and contributed to its preparation.

Respectfully submitted,

Johnnie Arnold
City Manager

Brenda Snyder
City Clerk

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lafayette

Georgia

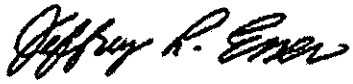
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



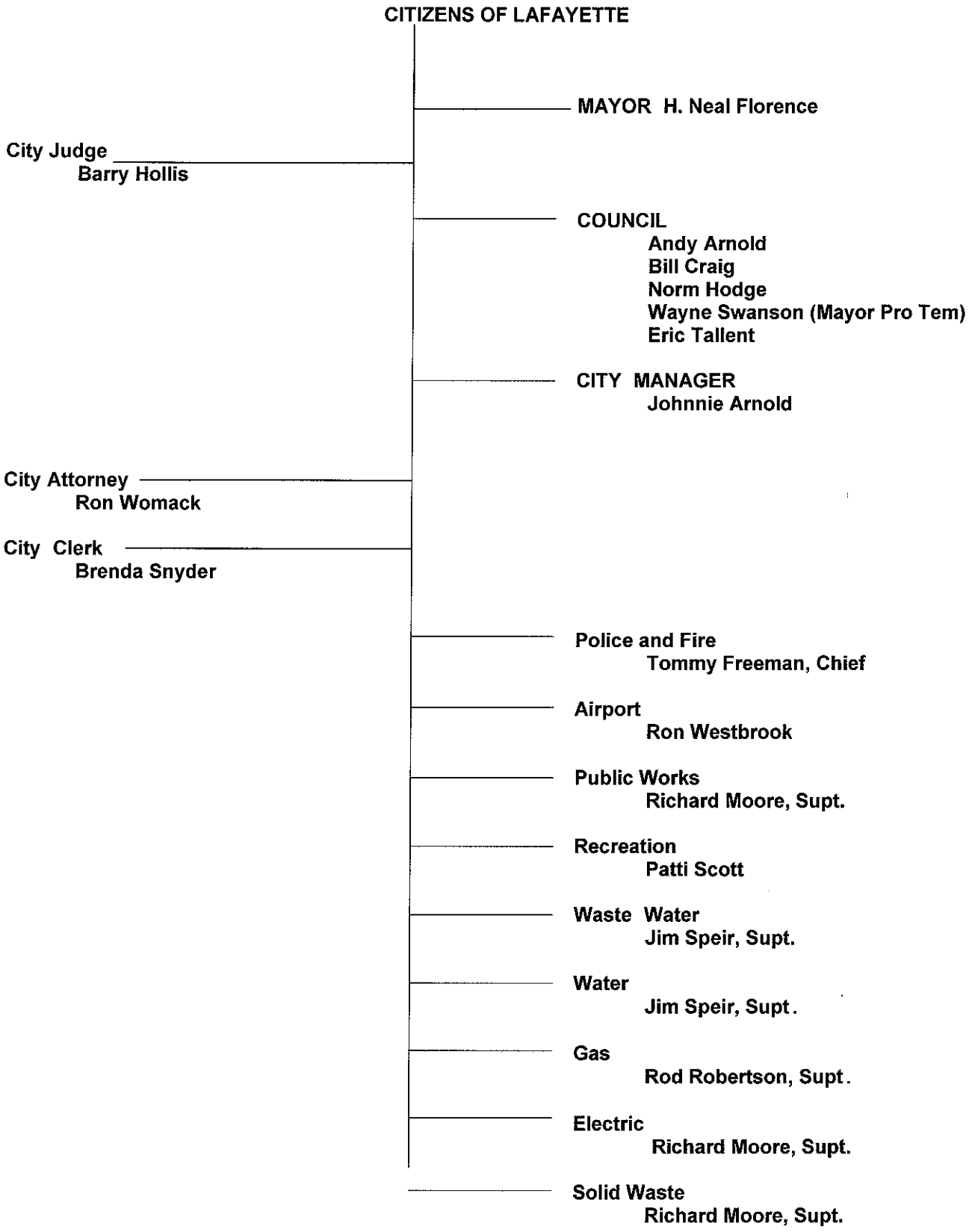


President



Executive Director

CITY OF LAFAYETTE, GEORGIA
ORGANIZATIONAL CHART AND
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2009



FINANCIAL SECTION

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(770) 382-3361
FAX (770) 386-8382

WILLIAMSON & CO., CPA's
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

EARL WILLIAMSON
LLOYD WILLIAMSON

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Council
City of LaFayette
LaFayette, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of LaFayette, Georgia, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds presented as supplementary information in the accompanying combining financial statements as of and for the year ended September 30, 2009, as listed in the table of contents.These financial statements are the responsibility of the City of LaFayette, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of LaFayette, Georgia as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the budgetary comparison for the capital projects fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2010 on our consideration of City of LaFayette, Georgia's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 13 through 24 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of LaFayette's basic financial statements. The combining and individual fund statements and schedules, as well as the schedule of projects constructed with special local option sales tax proceeds, as required by the Georgia code section OCGA 48-8-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of LaFayette, Georgia. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying information in the introductory section and the statistical tables has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Williamson & Company

Williamson & Company
Certified Public Accountants
February 26, 2010

Management's Discussion and Analysis

This section of the City Lafayette's annual financial report is designed to provide the reader a better understanding of the City's financial activity for the fiscal year that ended September 30, 2008. It should be read in conjunction with the Transmittal Letter at the front of this report and the City's financial statements, which follow this section. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

Financial Highlights

- The City's total assets exceed liabilities by $30,387,162 at the end of the year. This amount includes $24,231,526 invested in capital assets net of accumulated depreciation and related debt, restricted net assets of $1,600,909 and unrestricted net assets of $4,554,727. Significant portions of restricted net assets include amounts for debt service and construction.

- The City's total net assets decreased by $556,654 (1.87%) to $30,387,162. The net assets for governmental activities decreased by $249,549 or 5.15% and business-type net assets increased by $806,203 or 3.26%.

- The City's revenues for governmental activities were $4,783,134, excluding transfers and bonds issued. Expenses, excluding transfers were $6,033,931.

- The City's business-type activities, excluding transfers, had revenues of $15,093,132, while expenses, excluding transfers, were $13,065,460.

- The General Fund, which is the City's primary operating fund, reported an increase in fund balance of $46,872 in fiscal year 2009.

- The City's governmental activities long-term debt balance (Note 8) had a net increase of $3,417,513. This change represents the issuance of $3,400,000 in revenue bonds to fund the acquisition/improvement of capital assets and infrastructure, to be repaid with SPLOST funds. This change also reflects an additional compensated absences increase of $17,513. The balance on the outstanding debt for business-type activities had a net decrease of $95,948. This change represents issuance of additional notes payable of $594,347, payment of outstanding revenue bond principal of $505,000 and notes payable principle of $191,334. This change also reflects an additional compensated absences increase of $6,039.

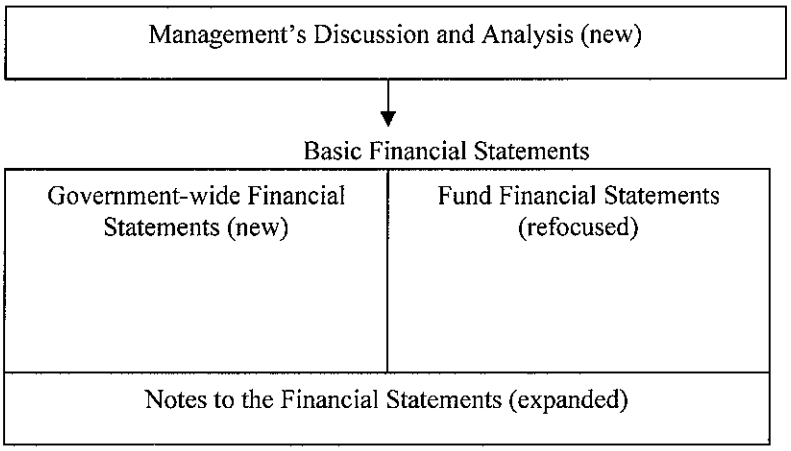
- Total cash (Note 3) at September 30, 2009 was $4,701,521.

- The capital assets (Note 6), net of accumulated depreciation, of the City at the end of the 2009 fiscal year totaled $32,885,543. This includes net capital assets for governmental activities of $5,987,120 and business-type activities of $26,898,423.

An Overview of the Financial Statements

In light of the fact that this is a different presentation from the pre-GASB Statement 34 model, the following graph is provided to assist in understanding the component parts.

Required Components of the City's Annual Financial Report



The focus of the financial statements is on both the City's overall financial status and the major individual funds. The following briefly describes the component parts.

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements are designed to report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets combines all of the City's current financial resources with capital assets and long-term obligations. Net assets, the difference between the City's assets and liabilities, are one way to measure the City's financial health.

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities** – These include the basic services provided by the City including police, fire, parks and recreation, public works and general administration.

- **Business-type activities** – These include services for which the City charges specific fees which are meant to cover the cost of providing the services. These include electric, gas, water and sewer services, solid waste collection, municipal airport and golf.

Governmental activities and business-type activities are consolidated and add to the total for the primary government.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's major funds rather than the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City has two types of funds as described in the chart below.

Fund Financial Statements

	Governmental Funds	**Proprietary Funds**	**Fiduciary Funds**
Scope	Includes the City's basic services such as police, fire, traffic control, cultural activities, and parks	Services provided by the City that are operated similar to private businesses and for which the City charges a fee	Funds for which the City is the trustee or agent for someone else's resources
Examples	Police, fire, street and sidewalks, parks, and recreational activities	Electric, Gas, Water and Sewer, Water and Sewer and Solid Waste	City's revolving loan fund
Required financial statements	- Balance Sheet - Statement of revenues, expenditures, and changes in fund balances	- Statement of net assets - Statement of revenues, expenses, and changes in net assets - Statement of cash flows	- Statement of fiduciary net assets - Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short and long-term	All assets and liabilities, both short and long-term; capital assets, if any, are included
Type of inflow / outflow information	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table reflects the condensed Statement of Net Assets for the current year. The City's net assets decreased by $556,654 or (1.87%) in fiscal year 2009. The net assets of the governmental activities include $2,587,120 investment in capital assets. Capital assets of $5,987,120 include land, buildings, park improvements, equipment and current year infrastructure additions. Related debt includes revenue bonds of $3,400,000.

The net assets of the business-type activities include $21,644,406 investment in capital assets. Capital assets of $26,898,423 include land, utility system, building, other improvements, equipment, airport and golf course. Related debt includes notes of $3,536,558 and water/sewer revenue bonds of $1,680,000.

For more detailed information, see the Statement of Net Assets on page 27 of the financial statements and the notes to the financial statements.

Table 1
Statement of Net Assets
As of September 30
(in thousands)

	Governmental Activities		Business-type Activities		Total		Total% Change
	2009	2008	2009	2008	2009	2008	2008-09
ASSETS							
Current and other assets	$ 2,651	$ 812	$ 5,186	$ 4,311	$ 7,837	$ 5,123	52.98
Capital assets	5,987	5,415	26,898	26,530	32,885	31,945	2.94
Total Assets	8,638	6,227	32,084	30,841	40,722	37,068	9.86
LIABILITIES							
Current and other liabilities	252	1,009	1,142	1,403	1,394	2,412	(42.21)
Long-term debt outstanding	3,540	123	5,401	4,703	8,941	4,826	85.27
Total Liabilities	3,792	1,132	6,543	6,106	10,335	7,238	42.79
NET ASSETS							
Invested in capital assets, net of related debt	2,587	5,415	21,644	21,968	24,231	27,383	(11.51)
Restricted	370	159	1,231	1,229	1,601	1,388	15.35
Unrestricted	1,889	(479)	2,666	1,538	4,555	1,059	330.12
Total Net Assets	$ 4,846	$ 5,095	$ 25,541	$ 24,735	$ 30,387	$ 29,830	1.88

CHANGES IN NET ASSETS

The City's total revenues before transfers were $19,810,802 in the 2009 fiscal year. Expenses before transfers were $18,574,687 during that same period. Governmental and business-type activities combined provided a $557 increase in net assets. A prior period adjustment for $592,448 decreased net assets.

Governmental activities revenues were $4,777,085 and included $1,170,492 charges for services, $316,610 grant revenues, $533,775 property taxes and $1,380,487 sales taxes. The largest governmental activities expenses were for public safety of $2,077,566 (police, fire and animal control), general government of $1,071,282, public works of $952,337, and recreation of $836,134. Expenses include depreciation expense as explained in the notes to the financial statements (Note 6).

Business-type activity revenues were $15,033,717 and included $14,918,258 charges for services, $75,211 intergovernmental revenues, and $39,503 interest. The largest business-type activity expenses were for purchase of energy for resale to customers, electricity for $4,902,521 and gas for $1,949,825.

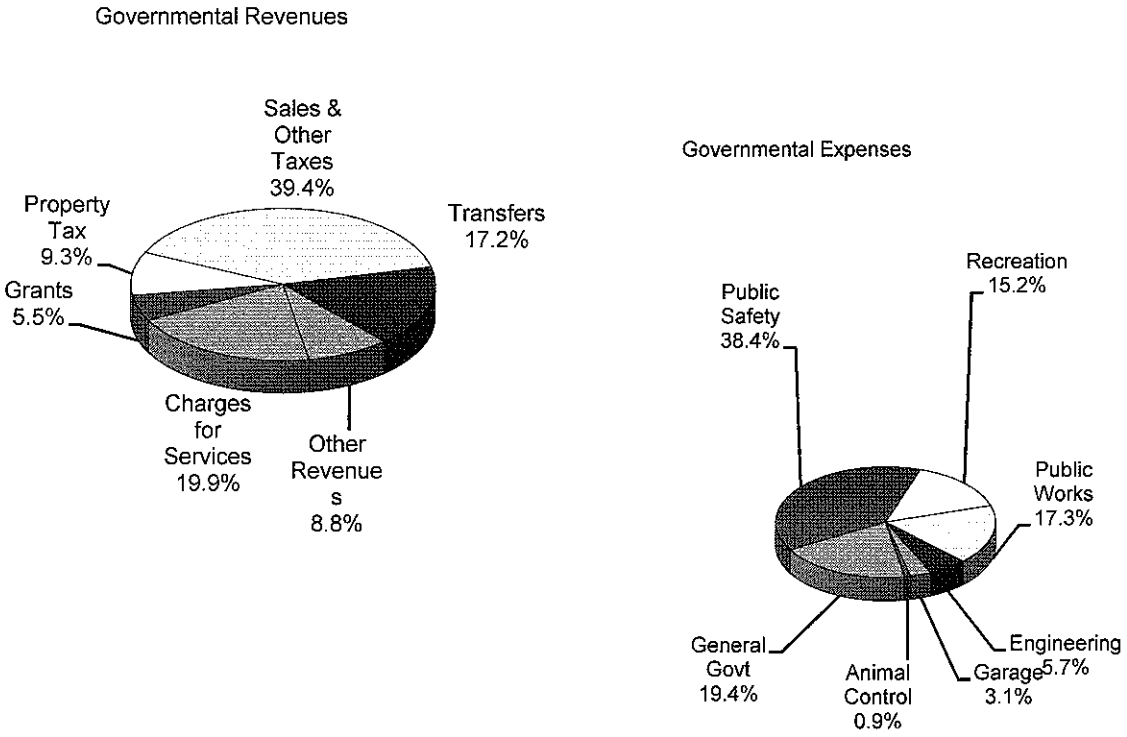
Table 2
Changes in Net Assets
(in thousands)

	Governmental Activities		Business-type Activities		Total		Total% Change
	2009	2008	2009	2008	2009	2008	2008-09
REVENUES							
Program Revenues							
Charges for services	$ 1,149	$ 1,170	$ 14,918	$ 15,126	$ 16,067	$ 16,296	(1.4)
Grants and contributions	317	115	135	1,392	452	1,507	(70.0)
General revenues							
Property taxes	534	507	--	--	534	507	5.3
Local option sales tax	1,380	545	--	--	1380	545	153.2
Other taxes	890	626	--	--	890	626	42.2
Investment income	46	22	40	109	86	131	(34.4)
Other general revenues	461	(593)	1	(259)	462	845	(45.3)
Total Revenues	4,777	2,392	15,094	16,368	19,871	20,457	(2.9%)
EXPENSES							
General	1,071	984	--	--	1071	984	8.8
Police	1,617	1,596	--	--	1617	1,596	1.3
Fire	412	382	--	--	412	382	7.8
Public Works	952	960	--	--	952	960	(0.8)
Engineering	313	371	--	--	313	371	(15.6)
Recreation	836	990	--	--	836	990	(15.6)
Garage	171	240	--	--	171	240	(28.7)
Animal Control	49	49	--	--	49	49	0.0
Interest on long-term debt	88	--	--	--	88	--	
Electric	--	--	5,942	6,415	5942	6,415	(7.4)
Gas	--	--	2,524	3,195	2524	3,195	(21.0)
Water/Sewer	--	--	3,063	3,093	3063	3,093	(0.9)
Solid Waste	--	--	469	572	469	572	(18.0)
Golf	--	--	729	720	729	720	1.3
Airport	--	--	339	288	339	288	17.7
Total Expenses	5,509	5,572	13,066	14,284	18,575	19,856	(6.4%)
Excess (Deficiency) before transfers	(732)	(3,180)	2,028	2,084	1,296	(1,096)	218.2%
Transfers	902	(123)	(1,049)	123	(147)	--	--
Increase (Decrease) in Net Assets	$ 170	$ (3,303)	$ 979	$ 2,207	$ 1,149	$ (1,096)	204.8%

GOVERNMENTAL ACTIVITIES

See pages 28-29 of the financial statements for the net cost (total cost less revenues generated by the activities) of these programs or functions. The following charts show the source of the City's governmental revenues and expenditures.

Table 3 – Governmental Activities
Fiscal Year 2008



Revenue Impacts:

- Property taxes of $533,775 provided 9.3% of governmental revenues for general operations. The millage rate was set at 3.0 in the current year.
- Revenues from local option sales taxes were $1,380,487. This represents an overall increase of 6382.38% from the prior year.
- The transfers from proprietary funds were $989,519, which was $(624,258) or a 63.09% decrease from the prior year.
- Charges for services include amounts charged for providing utility billing and collection services to the enterprise funds of $678,000. Municipal court fines were $66,157.

Expense Impacts

- General Government expenses increased by $73,062 or 8.25% compared to the prior year. This increase is the result of overall increases in operating expenses especially insurance costs. Health insurance was the largest increase but Workers Comp and Liability insurance also increase with large increases.

- Police, fire and animal control expenses decreased by $120,777 or (6.47%) over the prior year. This decrease is primarily noted by the reduction in work hours by 2.5 hours per week for all employees.

- Public Works expenses by $75,691 or (8.77%) compared to the prior year. This decrease is attributable to the hiring freeze and the reduction in work hours by 2.5 hours per week for all employees due to the sagging economy.

- Culture and Recreation expenses decreased by $110,165 or (12.96%). This decrease is also attributable to the reduced work hours, the hiring freeze and the elimination of one job from the department.

BUSINESS-TYPE ACTIVITIES

Table 4
Business-type Activities
(in thousands)

	Operating Revenues		Operating Expenses		Operating Income	
	2009	2008	2009	2008	2009	2008
Electric	$ 7,314	$ 7,151	$ 5,942	$ 6,415	$ 1,372	$ 736
Gas	3,079	3,692	2,524	3,195	555	497
Water/Sewer	3,322	3,170	2,915	2,917	407	253
Solid Waste	505	471	469	572	36	(101)
Golf	599	528	729	721	(130)	(193)
Airport	99	115	339	288	(240)	(173)
Total	$ 14,918	$ 15,127	$ 12,918	$ 14,108	$ 2,000	$ 1,019

Operating revenues for business-type activities for the fiscal year 2009 were $14,918,258, a $208,213decrease compared to the prior year. Operating expenses were $12,917,905 in 2009, $1,190,157 less than the prior year. The operating income was $2,000,353 in 2009 compared to $1,018,409 in 2008. Activities for individual funds are summarized below.

- Electric program revenues increased by $163,116 from the prior year in addition to expenses decreasing by $473,235.

- Gas program revenues decreased by $613,098 and expenses decreased by $671,244. The decreases in both revenue and expenses were due to leveling natural gas prices, and decreased demand caused by the excessive prices from the previous year.

- Water & Sewer program revenues increased by $151,927, while expenses decreased by $1,595 from the prior year.

- Solid Waste program revenues increased $34,413 from the prior year and expenses decreased $103,125.

- Golf revenues increased by $71,173 over the prior year, largely from membership fees and golf cart fees, and merchandise sales in the pro shop and the snack bar. Expenses were up by $8,600 for chemicals, insurance and general maintenance costs.

- Airport revenues decreased by $15,744 largely due to a decrease in fuel sales. Expenses increased by $50,442 from prior year. The increase in operating expense is primarily due to increased maintenance costs such as clearing at the end of the runway and drainage improvements along the side of the runway.

The City's Funds

Table 5
Financial Analysis of the City's Funds

Fund	Fund Balances 09-30-08	Revenues/ Sources	Expenditures/ Uses	Revenues/Sources Over (Under) Expenditures/Uses	Fund Balances 09-30-09
General Fund	$ 702,378	$ 5,196,455	$ 5,149,583	$ 46,872	$ 749,250
Capital Projects Fund	(568,794)	3,970,937	1,713,352	2,257,585	1,688,791
Total City Funds	$ 133,584	$ 9,167,392	$ 6,862,935	$ 2,304,457	$ 2,438,041

At September 30, 2009, the City's governmental funds reported a combined fund balance of $2,438,041 (see Statement on page 30), which is $2,074,298 more than the previous year-end. The unreserved portion of fund balance was $2,067,834. The unreserved fund balance may serve as a useful indicator of the City's ability to operate without external financing. The reserved portion represents amounts reserved for debt service payments related to the issuance of revenue bonds to finance capital projects construction.

General Fund
The General Fund had a $46,872 increase in fund balance, to end the fiscal year at $749,250. More detailed information for the general fund is presented on page 31.

Operating revenues and other financing sources decreased $488,639. Most of this decrease is attributable to the down turn in the economy. The high unemployment rate in the area has caused many people to fall behind on their accounts and many have lost their homes to foreclosure.

Overall expenditures and other uses decreased $668,691. Transfers out increased $103,754.

Capital Projects Fund
The capital projects fund accounts for the proceeds from special purpose local option sales tax that are used to construct various improvements which benefit City residents. In June 2008, voters approved continuation of the one-percent special purpose local option sales tax. The period during which this tax is collected begins October 2008 and ends September 2013. Capital outlay expenditures are to be primarily for street and road improvements, recreation, water and sewer improvements, solid waste and street equipment. The major sources of revenue were:

- Revenue Bond Issue $3,400,000
- Sales tax $522,448
- Interest earned $44,419

Capital outlays in this fund continued, as the City proceeded with its capital improvement and equipment acquisition plans, but the fund balance reflected a large increase this year due to the lump-sum proceeds from the bond issue, which were not all spent in the current fiscal year.

The revenue bond issue will be repaid with special purpose local option sales tax proceeds over the approved period of the tax. The bond issue allows the City to proceed at an accelerated pace with acquisition/improvements of equipment and infrastructure to better serve its citizens.

The fund balance is reserved for completion of SPLOST projects as identified in the Schedule of Special Purpose Local Option Sales Tax on page 87.

GENERAL FUND BUDGETARY HIGHLIGHTS

A statement comparing the original and final budgets and the variance from the final budget to the actual results is included on page 33 of the financial statements.

In September 2009, the City Council appropriated $4,592,050 for general fund expenditures in the 2009 fiscal year budget.

Primary reasons for the differences between the final budget and actual results in the General Fund include:

Revenues:

- Increase in Charges for Services
- Increase in taxes.

Expenditures:

- Increase in public works expenditures.
- Increase in expenditures for wages and capital outlays for general government and public works.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2009, amounted to $32,885,543 (net of accumulated depreciation). Investment in capital assets includes land, buildings, infrastructure, improvements, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 2.94%. For more detailed information concerning capital assets see Note 6 in the notes to the financial statements.

Table 6
Capital Assets
(net of depreciation)

	Governmental Activities	Business-type Activities	Total
Land and Improvements	$ 3,336,429	$ 4,742,433	$ 8,078,862
Construction in progress	293,458	2,764,312	3,057,770
Buildings and structures	663,347	1,290,275	1,953,622
Park improvements	234,167	--	234,167
Infrastructure	725,100	--	725,100
Utility systems	--	16,149,079	16,149,079
Improvements other than buildings	--	530,239	530,239
Furniture, machinery and equipment	734,619	1,422,085	2,156,704
Total	$ 5,987,120	$ 26,898,423	$ 32,885,543

This year's major capital asset additions included:

Governmental Activities:

- General Government - Paving and Sidewalks (Infrastructure) - $363,992
- Police - Equipment - $111,461
- Fire - Equipment - $116,165

Business-type Activities:

- Water and Sewer Improvements - $1,120,038
- Electric Fund Buildings and Distribution Improvements - $10,567
- Airport Operations Runway Improvements - $39,562
- Golf Course Site Improvements and Equipment - $64,086
- Solid Waste Equipment - $272,933

LONG-TERM DEBT

At the end of the 2009 fiscal year, the City had $8,616,559 in outstanding debt. This is a net decrease of $4,139,087 compared to the prior year. More detailed information about the City's long-term liabilities is included in the notes to the financial statements.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the total tax digest. The current debt limitation for the City is $15,264,900 and the City has no outstanding general obligation debt.

Table 7
Outstanding Debt at September 30, 2009

	Governmental Activities	Business-type Activities
Revenue Bonds	$ 3,400,000	$ 1,680,000
Notes Payable	--	3,536,558
Total	$ 3,400,000	$ 5,216,558

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The overall decline in the economy, as well as high energy costs have negatively impacted the City. In addition to the loss of industries and businesses the current economic decline has been worsened by the mortgage crisis which has caused a decline in property values with a net loss in tax revenues. The sluggish economy has also caused a negative impact on the City's business – type activities.

Funding for the City's governmental activities comes from Property Taxes, Local Option Sales Tax, other taxes and fees such as Franchise Taxes, Occupational Taxes, permit fees, grants and transfers from the Enterprise Funds. During the 2008 Budget process, the City considered projections on the state and local economy to estimate tax revenues for the proposed budget.

Revenues for the business-type activities and certain governmental activities come from user fees and/or service charges. A significant portion of the revenues generated by the cities utility systems come from industrial customers. These revenues have been affected by the down turn in the economy. Also unusual weather patterns can affect utility consumption. A prime example is the highest energy prices ever for natural gas and other fuels, and a milder than normal winter coupled with the fact that many people are unemployed and do not have the money to pay their bills with.

A new clubhouse at the golf course was completed this year. A new softball complex is under construction and should be completed by the end of the summer. The City has purchased a vacant 150,000 square foot Industrial building and is using it for all the public works and utility crews to operate from. A Streetscape Project funded by a TE Grant of $200,000 will begin in the summer of 2010. The local match will come from SPLOST Funds. The improvements to side walks, landscaping and other beautification projects should help the Downtown Business District. Several of the local industries are beginning to rehire some of the employees that have been laid off which should improve their abilities to pay their bills. The Main Street Program along with the Downtown Development Authority working in conjunction with the TE Grant will improve the Downtown Business District.

The City continues to resurface its own streets under the Georgia Department of Transportation LARP Program. The Georgia Department of Transportation furnishes the asphalt and the city employees perform the work utilizing city equipment. This allows the City to complete twice as much resurfacing as would normally be done.

The City's General Fund Operating Budget totals $4,644,000 for the 2010 year. Personnel costs, including salaries and benefits amount to $3,585,200 or 77% of the operating budget. The City employs 132 full time employees.

In the Fiscal Year 2010 Budget, the General Fund Revenues are budgeted to decrease by $140,300 or 2.9% over the previous year. Transfers to the General Fund are budgeted to decrease by $112,350 or 6.0% from the 2009 Budget. General property taxes make up 14.7% of the General Fund Budgeted Revenues. Sales tax receipts, which represent 10.2% of the budgeted revenues, are not projected to have any significant growth due to the down turn in the economy. The 2009 Millage Rate for property taxes is 2.99 mills which is the same millage as the 2008 millage.

Financial Contact

This financial report is designed to provide the citizens, taxpayers, customers and creditors of the City with a general overview of the City of LaFayette finances and demonstrate the City's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the City of LaFayette at P.O. Box 89, LaFayette, Georgia 30728.

BASIC FINANCIAL STATEMENTS

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	$ 1,722,377	$ 371,963	$ 2,094,340
Receivables - net	160,459	1,831,044	1,991,503
Prepaids	16,491	-	16,491
Internal balances	172,814	(172,814)	-
Notes Receivable	-	-	-
Inventory	19,685	846,184	865,869
Restricted assets:			
Restricted cash	453,333	2,291,763	2,745,096
Capital assets:			
Land and construction in progress	3,629,886	4,998,230	8,628,116
Other capital assets - net	2,357,234	21,900,193	24,257,427
Total capital assets	5,987,120	26,898,423	32,885,543
Unamortized bond issue costs	105,807	11,890	117,697
Total assets	8,638,086	32,078,453	40,716,539
LIABILITIES			
Cash overdraft	137,915	-	137,915
Accounts payable	20,938	537,011	557,949
Accrued wages payable and withholdings	93,143	23,128	116,271
Customer deposits	-	551,792	551,792
Accrued Interest payable	-	30,379	30,379
Noncurrent liabilities:			
Due within one year	515,000	740,882	1,255,882
Due in more than one year - net	3,025,189	4,659,946	7,685,135
Total liabilities	3,792,185	6,543,138	10,335,323
NET ASSETS			
Invested in capital assets, net of related debt	2,587,120	21,644,406	24,231,526
Restricted for:			
Capital projects	-	-	-
Debt service	370,207	1,230,702	1,600,909
Unrestricted	1,888,574	2,660,207	4,548,781
Total net assets	$ 4,845,901	$ 25,535,315	$ 30,381,216

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General Government	$ 1,071,282	$ 741,448	$ 5,750	$ 6,675
Police	1,703,861	226,688	31,412	-
Fire	411,645	-	-	92,228
Public Works	952,337	63,480	-	180,545
Engineering	313,018	10,619	-	-
Recreation	836,134	106,635	-	-
Garage	170,778	-	-	-
Animal Control	49,073	124	-	-
Interest on Long-term Debt	88,112	-	-	-
Total governmental activities	5,596,240	1,148,994	37,162	279,448
Business-type activities:				
Electric	5,941,777	7,313,826	-	-
Gas	2,524,138	3,079,206	-	-
Water/Sewer	3,068,916	3,322,222	-	-
Solid Waste	468,771	504,938	-	-
Golf	729,031	598,882	-	-
Airport	338,773	99,184	-	75,211
Total business-type activities	13,071,406	14,918,258	-	75,211
Total primary government	$ 18,667,646	$ 16,067,252	$ 37,162	$ 354,659

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets Primary Government Governmental Activities	Business-type Activities	Totals
Primary government:			
Governmental activities:			
General Government	$ (317,409)		$ (317,409)
Police	(1,445,761)		(1,445,761)
Fire	(319,417)		(319,417)
Public Works	(708,312)		(708,312)
Engineering	(302,399)		(302,399)
Recreation	(729,499)		(729,499)
Garage	(170,778)		(170,778)
Animal Control	(48,949)		(48,949)
Interest on Long-term Debt	(88,112)		(88,112)
Total governmental activities	(4,130,636)		(4,130,636)
Business-type activities:			
Electric		$ 1,372,049	1,372,049
Gas		555,068	555,068
Water/Sewer		253,306	253,306
Solid Waste		36,167	36,167
Golf		(130,149)	(130,149)
Airport		(164,378)	(164,378)
Total business-type activities		1,922,063	1,922,063
Total primary government	(4,130,636)	1,922,063	(2,208,573)
General revenues:			
Taxes:			
Property	533,775	-	533,775
Sales	1,380,487	-	1,380,487
Hotel/Motel	27,889	-	27,889
Insurance premium	375,099	-	375,099
Malt beverage	132,496	-	132,496
Franchise	279,595	-	279,595
Occupation	75,158	-	75,158
Other	375,690	-	375,690
Investment earnings	45,862	39,503	85,365
Gain on Sale of Capital Assets	44,200	745	44,945
Miscellaneous	41,230	-	41,230
Transfers	989,519	(989,519)	-
Total general revenues and transfers	4,301,000	(949,271)	3,351,729
Change in net assets	170,364	972,792	1,143,156
Net assets - beginning	5,095,450	24,735,058	29,830,508
Prior Period adjustment	(419,913)	(172,535)	(592,448)
Net assets - ending	$ 4,845,901	$ 25,535,315	$ 30,381,216

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 107,749	$ 1,594,268	$ 15,222	$ 1,717,239
Receivables (Net of Allowance for Uncollectibles):				
Accounts	2,285	-	-	2,285
Taxes	93,649	64,525	-	158,174
Prepaids	16,491	-	-	16,491
Inventory	19,685	-	-	19,685
Due from Other Funds	2,729,167	-	384,347	3,113,514
Cash - Restricted	83,126	370,207	-	453,333
Total Assets	$ 3,052,152	$ 2,029,000	$ 399,569	$ 5,480,721
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash Overdraft	$ 137,915	$ -	$ -	$ 137,915
Accounts Payable	20,938	-	-	20,938
Accrued Payable & Withholdings	93,143	-	-	93,143
Due to Other Funds	2,038,364	340,209	369,032	2,747,605
Deferred Revenue	12,542	-	-	12,542
Total Liabilities	2,302,902	340,209	369,032	3,012,143
Fund Balance:				
Reserved for:				
Capital Projects	-	-	-	-
Debt service	-	370,207	-	370,207
Unreserved, undesignated reported in:				
General fund	749,250	-	-	749,250
Special revenue funds	-	-	20,745	20,745
Capital projects funds	-	1,318,584	9,792	1,328,376
Total Fund Balances	749,250	1,688,791	30,537	2,468,578
Total Liabilities and Fund Balances	$ 3,052,152	$ 2,029,000	$ 399,569	$ 5,480,721

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund Balances - Total governmental funds		$ 2,468,578
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		5,987,120
An internal service fund is used by management to charge the costs of self-insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		(187,957)
A portion of deferred revenue in the general fund represents property tax billed but uncollected and is eliminated in the statement of net assets.		12,542
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Other related amounts include deferred issue costs.		
Bonds Payable	(3,400,000)	
Unamortized Bond Issuance Costs	105,807	
Compensated Absences	(140,189)	
		(3,434,382)
Net assets of governmental activities		$ 4,845,901

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 1,806,927	$ -	$ 27,899	$ 1,834,826
Grant Revenue	129,917	-	-	129,917
Licenses and Permits	11,519	-	-	11,519
Intergovernmental	180,545	522,448	351,708	1,054,701
Payments in lieu of taxes	30,907	-	-	30,907
Fines and Forfeitures	113,399	-	160,287	273,686
Charges for Services	223,217	-	-	223,217
Contributions and donations	7,015	-	-	7,015
Miscellaneous Income	1,127,298	-	-	1,127,298
Interest Income	1,255	44,419	174	45,848
Total Revenues	3,631,999	566,867	540,068	4,738,934
EXPENDITURES				
Current:				
General Government	906,472	21,436	-	927,908
Police	1,352,929	-	53,434	1,406,363
Fire	294,913	-	-	294,913
Public Works	787,221	-	-	787,221
Engineering	278,499	-	-	278,499
Recreation	740,019	-	-	740,019
Garage	152,250	-	-	152,250
Animal Control	43,749	-	-	43,749
Intergovernmental Expenditures	-	-	87,013	87,013
Debt Service:				
Principal	-	-	-	-
Interest	-	88,112	-	88,112
Bond Issuance Costs	-	105,807	-	105,807
Capital Outlay:				
General Government	6,390	267,908	-	274,298
Police	-	105,071	-	105,071
Fire	88,154	28,012	-	116,166
Public Works	-	550,703	-	550,703
Recreation	45,024	23,975	3,293	72,292
Garage	-	3,547	-	3,547
Total Expenditures	4,695,620	1,194,571	143,740	6,033,931
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,063,621)	(627,704)	396,328	(1,294,997)
OTHER FINANCING SOURCES (USES)				
2008 Bonds Issued	-	3,400,000	-	3,400,000
Transfers - Out	(453,963)	(518,781)	(11,956)	(984,700)
Transfers - In	1,520,256	4,070	-	1,524,326
Sale of capital assets	44,200	-	-	44,200
Total Other Financing Sources (Uses)	1,110,493	2,885,289	(11,956)	3,983,826
Net Change in Fund Balances	46,872	2,257,585	384,372	2,688,829
Fund Balance (Deficit) - Beginning of Year	702,378	(568,794)	(353,835)	(220,251)
Fund Balance - End of Year	$ 749,250	$ 1,688,791	$ 30,537	$ 2,468,578

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Net Change in Fund Balances - Total Governmental Funds		$ 2,688,829
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditures for capital assets	1,122,077	
Less current year depreciation	(187,568)	
		934,509
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Unavailable deferred property tax revenues		(3,041)
Issuance of long-term debt (bonds, leases) provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Proceeds from Bonds	(3,400,000)	
Bond Issuance Costs	105,807	
		(3,294,193)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Net change in long-term compensated absences		(17,513)
Internal service funds are used by management to charge the costs of self-insurance to individual funds.		
The net loss of certain activities of internal service funds is reported with governmental activities.		(138,227)
Change in Net Assets of Governmental Activities		$ 170,364

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 1,837,450	$ 1,733,600	$ 1,806,927	$ 73,327
Grant Revenue	48,000	75,200	129,917	54,717
Licenses and Permits	21,650	10,600	11,519	919
Intergovernmental	120,000	110,000	180,545	70,545
Payments in lieu of taxes	17,500	30,900	30,907	7
Fines and Forfeitures	90,100	95,400	113,399	17,999
Charges for Services	237,400	228,300	223,217	(5,083)
Contributions and donations	1,000	1,950	7,015	5,065
Miscellaneous Income	851,450	1,080,150	1,127,298	47,148
Interest Income	7,500	1,000	1,255	255
Total Revenues	3,232,050	3,367,100	3,631,999	264,899
EXPENDITURES				
Current:				
General Government	738,500	792,650	906,472	(113,822)
Police	1,443,900	1,424,100	1,352,929	71,171
Fire	308,700	310,000	294,913	15,087
Public Works	826,250	821,800	787,221	34,579
Engineering	421,250	383,150	278,499	104,651
Recreation	798,750	731,200	740,019	(8,819)
Garage	155,500	156,750	152,250	4,500
Animal Control	50,800	46,100	43,749	2,351
Capital Outlays:				
General Government	22,300	15,750	6,390	9,360
Fire	8,000	5,000	88,154	(83,154)
Recreation	10,500	16,350	45,024	(28,674)
Total Expenditures	4,784,450	4,702,850	4,695,620	7,230
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,552,400)	(1,335,750)	(1,063,621)	272,129
OTHER FINANCING SOURCES (USES)				
Transfers - Out	-	(547,250)	(453,963)	(1,001,213)
Transfers - In	1,530,300	1,182,450	1,520,256	337,806
Sale of capital assets	22,100	42,500	44,200	1,700
Total Other Financing Sources (Uses)	1,552,400	677,700	1,110,493	(661,707)
Net Change in Fund Balance	-	(658,050)	46,872	(389,578)
Fund Balance (Deficit) - Beginning of Year	-	702,378	702,378	-
Fund Balance (Deficit) - End of Year	$ -	$ 44,328	$ 749,250	$ (389,578)

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Assets								
Current Assets:								
Cash and Cash Equivalents	$ -	$ -	$ 11,647	$ -	$ 290,478	$ -	$ 302,125	$ 5,138
Restricted Cash - MEAG	-	1,192,230	-	-	-	-	1,192,230	-
Restricted Cash - GEFA	-	-	-	-	69,563	-	69,563	-
Accounts Receivable - Net	-	1,038,647	206,275	-	586,122	69,838	1,900,882	-
Due From Other Funds	-	1,501,905	552,191	-	193,095	-	2,247,191	-
Inventory	14,939	674,348	67,138	8,821	80,938	-	846,184	-
Total Current Assets	14,939	4,407,130	837,251	8,821	1,220,196	69,838	6,558,175	5,138
Non-Current Assets:								
Restricted Assets:								
Construction Cash	-	-	-	-	21,114	-	21,114	-
Bond Debt Service and Reserve Cash	-	-	-	-	1,005,702	-	1,005,702	-
Renewal and Replacement Cash	-	-	-	-	3,154	-	3,154	-
Capital Assets:								
Land	10,000	9,000	7,000	1,302,229	838,241	67,448	2,233,918	-
Equipment	212,654	1,169,479	320,018	513,814	1,327,632	868,502	4,412,099	-
Buildings	750,192	567,437	38,454	527,947	433,279	2,748	2,320,057	-
Improvements Other Than Buildings	2,963,944	-	-	-	561,789	-	3,525,733	-
Utility Systems	-	4,646,394	415,688	-	24,992,156	-	30,054,238	-
Construction in Progress	-	-	-	1,843,545	920,767	-	2,764,312	-
Less Accumulated Depreciation	(910,122)	(4,040,659)	(445,307)	(572,339)	(11,923,571)	(519,936)	(18,411,934)	-
Unamortized Bond Issue Costs	-	-	-	-	11,890	-	11,890	-
Total Non-Current Assets	3,026,668	2,351,651	335,853	3,615,196	18,192,153	418,762	27,940,283	-
Total Assets	$ 3,041,607	$ 6,758,781	$ 1,173,104	$ 3,624,017	$ 19,412,349	$ 488,600	$ 34,498,458	$ 5,138

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Liabilities								
Current Liabilities:								
Accounts Payable	$ 1,851	$ 432,456	$ 52,737	$ 43	$ 49,924	$ -	$ 537,011	$ -
Accrued Wages and Withholdings Payable	654	4,685	2,237	3,724	10,848	980	23,128	-
Compensated Absences Payable	500	8,000	2,750	3,750	10,000	-	25,000	-
Due to Other Funds	323,885	-	5,730	1,155,824	825,855	108,711	2,420,005	193,095
Customer Deposits	-	307,482	100,990	-	143,320	-	551,792	-
Notes Payable - current	-	-	-	37,458	171,064	-	208,522	-
Accrued Interest Payable	-	-	-	-	30,379	-	30,379	-
Revenue Bonds Payable	-	-	-	-	530,000	-	530,000	-
Total Current Liabilities	326,890	752,623	164,444	1,200,799	1,771,390	109,691	4,325,837	193,095
Noncurrent Liabilities:								
Compensated Absences	1,907	16,568	13,485	15,143	46,659	3,120	96,882	-
Accrued Landfill Closure/Postclosure Costs	-	-	-	-	-	24,929	24,929	-
Notes Payable	-	-	-	-	3,365,495	-	3,365,495	-
Revenue Bonds Payable (Net)	-	-	-	-	1,150,000	-	1,150,000	-
Total Noncurrent Liabilities	1,907	16,568	13,485	15,143	4,562,154	28,049	4,637,306	-
Total Liabilities	328,797	769,191	177,929	1,215,942	6,333,544	137,740	8,963,143	193,095
Net Assets								
Invested in Capital Assets, net of related debt	3,026,668	2,351,651	335,853	3,577,738	11,933,734	418,762	21,644,406	-
Restricted								
Debt Service	-	-	-	-	1,005,702	-	1,005,702	-
Renewal and Replacement	-	-	-	-	225,000	-	225,000	-
Unrestricted	(313,858)	3,637,939	659,322	(1,169,663)	(85,631)	(67,902)	2,660,207	-
Total Net Assets	$ 2,712,810	$ 5,989,590	$ 995,175	$ 2,408,075	$ 13,078,805	$ 350,860	$ 25,535,315	$ (187,957)

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Operating Revenues								
Charges for Services	$ 59,347	$ 7,136,549	$ 2,964,863	$ 493,760	$ 3,150,733	$ 504,031	$ 14,309,283	$ -
Fees	39,251	-	-	104,241	73,263	-	216,755	-
Other Revenues	586	177,277	114,343	881	98,225	907	392,219	881,467
Total Operating Revenues	99,184	7,313,826	3,079,206	598,882	3,322,221	504,938	14,918,257	881,467
Operating Expenses								
Costs of Sales and Services	143,706	604,925	331,368	669,064	1,758,675	428,295	3,936,033	1,469,602
Administrative Expense	-	210,000	210,000	-	240,000	18,000	678,000	-
Cost of Water	-	-	-	-	259,615	-	259,615	-
Cost of Gas	-	-	1,949,825	-	-	-	1,949,825	-
Cost of Electricity	-	4,902,521	-	-	-	-	4,902,521	-
Depreciation Expense	195,067	224,331	32,945	59,967	657,125	22,476	1,191,911	-
Total Operating Expenses	338,773	5,941,777	2,524,138	729,031	2,915,415	468,771	12,917,905	1,469,602
Operating Income (Loss)	(239,589)	1,372,049	555,068	(130,149)	406,806	36,167	2,000,352	(588,135)
Nonoperating Revenues (Expenses)								
Intergovernmental	75,211	-	-	-	-	-	75,211	-
Interest Revenue	-	34,692	95	-	4,716	-	39,503	15
Interest Expense	-	-	-	-	(147,555)	-	(147,555)	-
Gain (Loss) Sale of Capital Assets	-	-	-	-	745	-	745	-
Bond Issue Cost Amortization	-	-	-	-	(5,945)	-	(5,945)	-
Total Nonoperating Revenues (Expenses)	75,211	34,692	95	-	(148,039)	-	(38,041)	15
Income Before Contributions, Special Items and Transfers	(164,378)	1,406,741	555,163	(130,149)	258,767	36,167	1,962,311	(588,120)
Capital Contributions	-	-	-	59,415	-	-	59,415	-
Transfers	34,457	(1,084,954)	(390,589)	-	99,710	292,442	(1,048,934)	449,893
	34,457	(1,084,954)	(390,589)	59,415	99,710	292,442	(989,519)	449,893
Change in Net Assets	(129,921)	321,787	164,574	(70,734)	358,477	328,609	972,792	(138,227)
Net Assets - Beginning	2,842,731	5,671,803	834,443	2,478,809	12,885,021	22,251	24,735,058	7,651
Prior Period Adjustment	-	(4,000)	(3,842)	-	(164,693)	-	(172,535)	(57,381)
Net Assets - Ending	$ 2,712,810	$ 5,989,590	$ 995,175	$ 2,408,075	$ 13,078,805	$ 350,860	$ 25,535,315	$ (187,957)

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Cash Flows From Operations								
Receipts from Customers and Users	$ 99,184	$ 7,349,770	$ 3,051,269	$ 598,881	$ 3,206,222	$ 553,892	$ 14,859,218	$ 877,856
Payments to Suppliers	(109,085)	(5,945,104)	(2,329,151)	(265,279)	(1,019,989)	(295,488)	(9,964,096)	(1,330,277)
Payments to/for Employees	(60,206)	(517,402)	(262,101)	(403,784)	(1,373,890)	(221,268)	(2,838,651)	-
Net cash Provided by (Used in) Operating Activities	(70,107)	887,264	460,017	(70,182)	812,343	37,136	2,056,471	(452,421)
Cash Flows from Noncapital Financing Activities								
Transfers to Other Funds	-	(1,088,000)	(420,300)	-	-	-	(1,508,300)	-
Transfers from Other Funds	-	-	-	191,245	99,710	235,797	526,752	449,893
Net Cash from Noncapital Financing Activities	-	(1,088,000)	(420,300)	191,245	99,710	235,797	(981,548)	449,893
Cash Flows from Capital and Related Financing Activities								
Principal Payments - Bonds	-	-	-	-	(505,000)	-	(505,000)	-
Principal Payments - Notes	-	-	-	-	(143,609)	-	(143,609)	-
Principal Payments - Leases	-	-	-	(47,725)	-	-	(47,725)	-
Capital Contributions	109,668	3,046	-	-	-	-	112,714	-
Proceeds from GEFA	-	-	-	-	1,387,695	-	1,387,695	-
Proceeds from Sales of Capital Assets	-	-	-	-	745	-	745	-
Acquisition and Construction of Capital Assets	(39,561)	(13,613)	(38,517)	(70,145)	(1,311,555)	(272,933)	(1,746,324)	-
Interest Paid	-	-	95	(3,193)	(147,555)	-	(150,653)	-
Net Cash from Capital and Related Financing Activities	70,107	(10,567)	(38,422)	(121,063)	(719,279)	(272,933)	(1,092,157)	-
Cash Flows from Investing Activities								
Interest Received	-	25,784	-	-	4,716	-	30,500	15
Net Increase(Decrease) in Cash	-	(185,519)	1,295	-	197,490	-	13,266	(2,513)
Cash (Overdraft) - October 1 (including restricted cash)	-	1,377,749	10,352	-	1,192,521	-	2,580,622	7,651
Cash (Overdraft) - September 30 (including restricted cash)	$ -	$ 1,192,230	$ 11,647	$ -	$ 1,390,011	$ -	$ 2,593,888	$ 5,138

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Operating Income (Loss)	$ (239,589)	$ 1,372,049	$ 555,068	$ (130,149)	$ 406,807	$ 36,167	$ 2,000,353	$ (588,135)
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) by Operating Activities								
Depreciation	195,067	224,331	32,945	59,967	657,125	22,476	1,191,911	-
(Increase) Decrease in Assets:								
Accounts Receivable	(1,287)	(358,290)	(35,974)	-	(114,660)	(12,273)	(522,484)	-
Inventory	(6,060)	(255,916)	(37,689)	(2,008)	129,893	-	(171,780)	-
Increase (Decrease) in Liabilities:								
Accounts Payable	(19,386)	(109,785)	(56,944)	109	(277,221)	(9,561)	(472,788)	135,714
Accrued Wages and Withholdings Payable	402	1,690	567	1,220	4,331	18	8,228	-
Compensated Absences Payable	746	753	1,170	679	2,381	309	6,038	-
Customer Deposits	-	12,432	874	-	3,687	-	16,993	-
Net Cash Provided by (Used in) Operating Activities	$ (70,107)	$ 887,264	$ 460,017	$ (70,182)	$ 812,343	$ 37,136	$ 2,056,471	$ (452,421)
		-	-	-	-	-		-
Noncash Investing, Capital and Financing Activities								
Acquisition of Capital Assets	$ -	$ -	$ -	$ 59,415	$ -	$ -	$ 59,415	$ -
Net Cash from Noncash Activities	$ -	$ -	$ -	$ 59,415	$ -	$ -	$ 59,415	$ -
For purposes of reporting cash flows, cash includes the following amounts as presented in the Statement of Net Assets:								
Cash and cash equivalents	$ -	$ -	$ 11,647	$ -	$ 290,478	$ -	$ 302,125	$ 5,138
Restricted Cash:								
MEAG	-	1,192,230	-	-	-	-	1,192,230	-
GEFA	-	-	-	-	69,563	-	69,563	-
Construction Cash	-	-	-	-	21,114	-	21,114	-
Bond Debt Service and Reserve Cash	-	-	-	-	1,005,702	-	1,005,702	-
Renewal and Replacement Cash	-	-	-	-	3,154	-	3,154	-
	$ -	$ 1,192,230	$ 11,647	$ -	$ 1,390,011	$ -	$ 2,593,888	$ 5,138

The accompanying notes are an integral part of this financial statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of LaFayette was incorporated September 30, 1835. The City operates under an elected mayor and council who appoint a city manager. The City provides the following services as authorized by its charter or statues: culture and recreation, streets and roads, public utilities (electric, gas, water/sewer, sanitation), public safety (police and fire), community development, cemetery, garage, airport, golf and general and administrative services.

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements would present the primary government and its component units. Certain potential component units might be considered for inclusion in the financial report because of the significance of the City's influence over their operation or finances. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). In accordance with the above criteria, the City does not include any component units in its financial report.

Related organization:

The LaFayette Housing Authority is a related organization that has not been included in the reporting entity. The Authority provides low-income housing to eligible families in the City. The Authority's Board consists of five members that are appointed by the Mayor of LaFayette. The City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the Authority.

The Downtown Development Authority is a related organization that has not been included in the reporting entity. The Authority's current year cash balance was less than $11,000, with no activity for the year. Based upon the materiality level of the city the Authority was not included with the City's financial statements.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business type.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, permits and fines, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues.*

Fund financial statements emphasize major funds in either the governmental and proprietary funds. Non-major funds (if any) are reported as a separate column in the fund financial statements

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies all relevant FASB pronouncements and APB opinions issued on or prior to December 1, 1989 to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City does not apply FASB pronouncements and APB opinions issued after November 30, 1989.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives the cash. In applying the susceptible to accrual concept, nonexchange transactions are recognized in accordance with GASB Statement 33.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and unrestricted as needed.

D. Fund Types and Major Funds

Governmental Funds

The general and capital project funds are the major governmental funds that the City reports. The general fund is the primary fund of the City and accounts for all financial resources not reported in other funds. The hotel/motel tax special revenue fund accounts for the proceeds of the hotel/motel tax. The capital projects fund accounts for the acquisition and construction of major capital assets other than those accounted for by proprietary funds.

Proprietary Funds

Proprietary funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is intended to be self-supporting. The City reports the airport, electric, gas, golf, water and sewer, and solid waste funds as major funds. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. These funds recognize as operating revenue the portion of tap fees

intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal Service Funds

The Self Insurance internal service fund accounts for risk management activities of the City on a cost reimbursement basis. The internal service fund is a proprietary fund reported with governmental activities in the government-wide statements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues include charges to customers for good, services or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments. General revenues include all taxes.

E. Assets, Liabilities, Net Assets or Equity

1. **Cash.** Cash includes amounts in demand and time deposits that by law must be insured or collateralized. Investments, if any, are limited by law and bond ordinances to federal and state securities.

2. **Receivables.** All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise funds are recognized at the end of each year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

3. **Due To and Due From Other Funds/Internal Balances.** During the course of operations, numerous transaction occur between individual funds for goods provided, services rendered or interfund loans. Interfund transactions are recorded by all funds affected in the period in which transactions are executed. In the government-wide financial statements, these balances are reported as internal balances.

4. **Interest Receivable**. Interest on investments and certain receivables is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

5. **Inventories**. Inventories for all governmental funds are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of the respective fund and accounted for using the purchases method. . Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets. Inventories of proprietary funds are valued at the lower of cost (first-in, first-out) or market.

6. **Prepaids.** Prepaids represent the amount paid in advance for Georgia sales tax on sales of electricity and gas.

7. **Other Assets.** Other assets held are recorded and accounted for at cost.

8. **Restricted Assets.** The Water and Sewer Fund, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt or for construction. The "bond debt service and reserve cash" accounts are used to segregate

resources accumulated for debt service payments and to report resources set aside to cover the highest debt service requirement in any subsequent year. The "renewal and replacement cash" account is used to report resources set aside to meet unexpected contingencies or for asset replacement. The "construction cash" account is used to report resources set aside to fund construction projects.

9. **Capital Assets.** The City's property, buildings, equipment and infrastructure (streets, bridges, curbs, sidewalks, drainage systems, lighting system, etc) with useful lives of more than one year and a cost greater than two thousand dollars are capitalized and depreciated. These assets are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer. Interest expense (net of related income) incurred during the construction phase of business-type capital assets is capitalized as part of the assets' cost.

   Capital assets are depreciated using the straight-line method. When these assets are disposed, the cost and related accumulated depreciation are removed from the accounts and the resulting gain/loss is recorded.

10. **Long-term Debt, Bond Discounts and Issuance Costs.** Outstanding debt and other obligations are reported as a liability in the government-wide and proprietary financial statements. Bond discounts/premiums and issuance costs for proprietary funds are capitalized and amortized over the term of the respective bonds using a method that approximates the effective interest method. Bond discounts are presented as a reduction in the face amount of bonds payable, premiums are presented as an increase of the face amount of bonds payable and issuance costs are recorded as deferred charges.

    In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as an other financing use.

11. **Pensions**. The provision for pension cost is recorded on the accrual basis, and the City's policy is to fund pension costs as they accrue.

12. **Compensated Absences.** Full-time, permanent employees are granted vacation and sick leave benefits. Vested or accumulated vacation leave is accrued in the government-wide and proprietary financial statements and governmental funds report only the portion expected to be liquidated within the current year. For governmental activities, compensated absences are liquidated by the general fund. No liability is reported for non-vesting accumulating rights to receive sick leave.

13. **Fund Equity/Net Assets.** The governmental fund financial statements reports reserved fund balance for amounts not available for appropriation or legally segregated for a specific use.

    Unrestricted net assets for proprietary funds represent the net assets available for future operations or distribution. Restricted net assets represent the net assets that have been legally identified for specific purposes.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data. Formal budgetary accounting is employed as management control for all governmental funds of the City. Department heads submit their annual budget requests to the City Manager, who in turn compiles and submits the budget to the City Council. Public hearings are conducted to obtain taxpayer comments. By September 1, an annual operating budget is adopted for the general fund through passage of an annual budget ordinance and amended as required. The budget uses the same basis of accounting to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting basis.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgeting control is the department level. The governing council made several supplemental budgetary appropriations throughout the year but they were not considered material. All appropriations lapse at the end of each fiscal year.

The capital projects fund has a project length budget which was adopted when voters approved the SPLOST referendum. This budget is prepared for the projected total SPLOST revenues and capital outlays.

Compliance with Bond Covenants. The City complied with its bond covenants in all material respects.

Deposits with Financial Institutions. State statutes require that the City's deposits be collateralized by securities held in the name of the City by the trust department of a bank that does not hold the collateralized deposits.

NOTE 3. CASH AND INVESTMENTS

Cash and investments as of September 30, 2009 is classified in the financial statements as follows:

Statement of Net Assets:	
Cash	$ 1,956,425
Restricted Cash	2,745,096
Total Cash	$ 4,701,521

All deposits with financial institutions are fully insured or collateralized by securities held in the City's name. The City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit. Investments are stated at fair value (the City has no investments other than cash.)

Cash and investments consist of the following:

Cash on hand	$ 900
Cash deposits in financial institutions	2,408,858
Investments	2,291,763
Total Cash and Investments	$ 4,701,521

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This can be measured by the assignment of a rating by a rating organization. The City does not have a formal policy that addresses credit risk.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The City has no investments that meet the criteria for concentration of credit risk disclosure. The City does not have a formal policy that addresses concentration of credit risk.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the City may not be able to recover the value of its investments. There is no custodial credit risk exposure for the City's investments because they are either insured or held in the City's name by the custodian. The City does not have a formal policy that addresses custodial credit risk.

NOTE 4. RECEIVABLES

Accounts receivable consists of amounts due from customers for charges related to providing electric, gas, water/sewer and sanitation services. Taxes due consist of property tax and LOST. Amounts due as of September 30, 2009, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Enterprise	Total
Receivables				
Accounts	$ 2,285	$ 64,525	$ 3,023,217	$ 3,090,027
Taxes	104,221	-	55,410	159,631
Total	106,506	64,525	3,078,627	3,249,658
Less: Allowance for Uncollectible	(10,572)	-	(1,247,583)	(1,258,155)
Net Total Receivables	$ 95,934	$ 64,525	$ 1,831,044	$ 1,991,503

Property Tax

Property tax is levied upon receipt of the digest from Walker County and based upon the assessed value at January 1. Taxes were levied September 18, 2008 and due by December 20, 2008. The billings are considered past due 60 days after the tax billing date, at which time the applicable property is subject to lien and penalties and interest begins to accrue. Assessed values are established by the Walker County Board of Tax Assessors and are currently calculated at 40% of market value. The gross assessed value of property at January 1, 2008 was $167,267,762. Based on the 2008 millage levy of 2.99, a property owner would pay $2.99 per $1,000 of assessed valuation. Current tax collections of $370,025 were 81 percent of the tax levy.

All property taxes are recognized in compliance with NCGAI-3 (Revenue Recognition-Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 60 days after the close of the current period.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of September 30, 2009, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water/Sewer	$ 708,132
	Capital Projects	832,032
	Golf	1,102,744
	Airport	325,170
	Solid Waste	108,711
	Technology	10,705
Hotel / Motel	General	16,228
Electric	General	1,490,444

Gas	General	531,692
	Water Fund	12,500
	Capital Projects	7,999
Airport	Capital Projects	6,338
Capital Projects	Golf	53,080
	Water and Sewer	99,493
	Airport	5,052

The interfund balances related to working capital loans between funds. No significant portion of the outstanding balances are expected to be repaid in the subsequent year.

As of September 30, 2009, interfund transfers were as follows:

RECEIVING FUND	TRANSFERRING FUND					
	General	Police	Capital Projects	Electric	Gas	Total
General	$ -	$ 11,957	$ -	$ 1,088,000	$ 420,300	$ 1,520,257
Airport	-	-	34,457	-	-	34,457
Self-Insurance	449,893	-	-	-	-	449,893
Water / Sewer	-	-	99,710	-	-	99,710
Golf	-	-	59,415	-	-	59,415
Capital Projects	4,070	-	-	-	-	4,070
Solid Waste	-	-	292,442	-	-	292,442
Gas	-	-	29,711	-	-	29,711
Electric	-	-	3,046	-	-	3,046
Total	$ 453,963	$ 11,957	$ 518,781	$ 1,088,000	$ 420,300	$ 2,493,001

Routine transfers and payments between funds are to subsidize operations, fund capital projects and asset acquisition. SPLOST funds are accumulated in the capital project fund to complete various projects identified in the SPLOST referendum.

NOTE 6. CAPITAL ASSETS

The following table provides a summary of the City's capital asset activity:

Primary Government

Governmental activities:	Balance October 1, 2008	Additions	Deletions & Transfers	Balance September 30, 2009
Capital assets, not being depreciated				
Land and improvements	$ 3,336,429	$ -	$ -	$ 3,336,429
Construction in progress	260,416	33,041	-	293,457
Total capital assets, not being depreciated	3,596,845	33,041	-	3,629,886

	Balance October 1, 2008	Additions	Deletions & Transfers	Balance September 30, 2009
Capital assets, being depreciated				
Infrastructure	407,546	363,992	-	771,538
Buildings and improvements	1,618,925	232,779	-	1,851,704
Park improvements	1,128,122	69,704	(17,272)	1,180,554
Equipment	2,458,244	422,560	(272,376)	2,608,428
Total capital assets, being depreciated	5,612,837	1,089,035	(289,648)	6,412,224
Less accumulated depreciation for:				
Infrastructure	(40,199)	(6,239)	-	(46,438)
Buildings and improvements	(1,770,817)	(75,305)	-	(1,846,122)
Park improvements	(925,167)	(21,220)	-	(946,387)
Equipment	(1,131,239)	(84,804)	-	(1,216,043)
Total accumulated depreciation	(3,867,422)	(187,568)	-	(4,054,990)
Total capital assets, being depreciated, net	1,745,415	901,467	(289,648)	2,357,234
Governmental activities capital assets, net	$ 5,342,260	$ 934,508	$ (289,648)	$ 5,987,120

Additions to capital assets consist of general fund additions of $1,122,076.

Business-type activities:	Balance October 1, 2008	Additions	Deletions & Transfers	Balance September 30, 2009
Capital assets, not being depreciated				
Land	$ 2,196,439	$ 37,479	$ -	$ 2,233,918
Construction in progress	2,840,584	1,095,163	(1,171,435)	2,764,312
Total capital assets, not being depreciated	5,037,023	1,132,642	(1,171,435)	4,998,230
Capital assets, being depreciated				
Utility systems	29,198,619	52,361	804,616	30,055,596
Buildings	2,299,855	23,249	(3,048)	2,320,056
Improvements other than buildings	3,013,015	144,592	366,769	3,524,376
Equipment	4,032,544	379,554	-	4,412,098
Total capital assets, being depreciated	38,544,033	599,756	1,168,337	40,312,126
Less accumulated depreciation for:				
Utility systems	(14,090,785)	(895,770)	-	(14,986,555)
Buildings	(909,658)	(62,277)	-	(971,935)
Improvements other than buildings	(292,640)	(15,424)	-	(308,064)
Equipment	(1,926,939)	(218,440)	-	(2,145,379)
Total accumulated depreciation	(17,220,022)	(1,191,911)	-	(18,411,933)
Total capital assets, being depreciated, net	21,324,011	(592,155)	1,168,337	21,900,193
Business-type activities capital assets, net	$ 26,361,034	$ 540,487	$ (3,098)	$ 26,898,423

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:		
General government	$	12,661
Police		35,074
Fire		72,073
Public works		61,797
Engineering		560
Recreation		5,403
Total depreciation expense	$	187,568
Business-type activities:		
Electric	$	224,331
Gas		32,945
Water and Sewer		657,125
Solid Waste		22,476
Golf		59,967
Airport		195,067
Total depreciation expense	$	1,191,911

Estimated useful lives used to compute depreciation are:

Infrastructure	30 years
Improvements	5-20 years
Equipment	3-10 years
Buildings	20-50 years
Utility Systems	20-75 years

NOTE 7. LEASES

The City has no outstanding operating or capital leases as of year-end.

NOTE 8. LONG-TERM DEBT

Debt outstanding as of September 30, 2009 is composed of the following:

General Obligation Bonds

	Interest Rates	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
Governmental activities:					
SPLOST Bonds	3.97%	11-06-08	06-01-15	$ 3,400,000	$ 3,400,000

The following schedule presents debt service requirements to maturity for general obligation bonds:

Year Ending September 30	Governmental activities Principal	Interest
2010	$ 495,000	$ 125,154
2011	535,000	104,709
2012	560,000	82,973
2013	580,000	60,344
2014	605,000	36,822
2015	625,000	12,406
Total	$ 3,400,000	$ 422,408

Revenue Bonds

	Interest Rates	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
Business-type activities:					
Water/Sewer –Payoff GEFA Loans incurred for system improvements	4.20%	11-14-01	05-01-12	$ 2,785,000	$ 1,680,000

The following schedule presents debt service requirements to maturity for revenue bonds:

Year Ending September 30	Business-type activities Principal	Interest
2010	$ 530,000	$ 69,510
2011	550,000	47,250
2012	600,000	24,150
	$ 1,680,000	$ 140,910

Notes Payable

	Interest Rates	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
Business-type activities:					
Golf Fund- Yamaha	5.2%	06-15-06	06-15-10	$ 184,200	$ 37,458
Water & Sewer-System	2.0%	02-01-91	02-01-14	1,220,960	607,145
Water & Sewer-System	4.3%	02-01-03	02-01-23	2,020,945	1,541,719
Water & Sewer-System	4.1%	04-15-09	07-01-30	1,387,695	1,387,695
Total Notes				$4,813,800	$3,574,017

Notes payable debt service requirements to maturity are presented below:

Year ending September 30	Business-type activities Principal	Interest
2010	$ 208,522	$ 105,583
2011	200,151	126,680
2012	208,314	119,518
2013	214,754	112,077
2014-18	1,195,998	438,162
2019-2023	966,336	221,571
2024-2028	432,103	78,846
2029-2030	147,839	4,845
Total	$ 3,574,017	$ 1,207,282

The following is a summary of the City's long-term debt transactions for the year ended September 30, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Compensated Absences	$ 122,676	$ 25,950	$ 8,437	$ 140,189	$ 20,000
General Obligation Bonds	-	3,400,000	-	3,400,000	495,000
Total Governmental Funds	$ 122,676	$ 3,425,950	$ 8,437	$ 3,540,189	$ 515,000
Business-type activities:					
Compensated Absences	$ 115,841	$ 9,420	$ 3,379	$ 121,882	$ 25,000
Revenue Bonds	2,185,000	-	505,000	1,680,000	530,000
Notes Payable	2,377,656	1,387,695	191,334	3,574,017	208,522
Landfill Closure/Post Closure	24,929	-	-	24,929	-
	$ 4,703,426	$ 1,397,115	$ 699,713	$ 5,400,828	$ 763,522

Note 9. OTHER COMMITMENTS

Under the terms of a power sales contract dated October 1, 1975 and for a period not to exceed 50 years, the City agrees to purchase its electric power and energy through the Municipal Electric Authority of Georgia (MEAG). This energy is priced to cover MEAG's cost of operating the system and to retire any debt incurred by MEAG. In return, MEAG agrees to purchase or provide the generating capacity necessary for reliable and economical power output for the City to operate its electric system. In the event that the operating revenues of the City's electric system are insufficient to cover its obligation to MEAG, or the City does not purchase the required amount of electric power and energy as specified in the contract (calculated annually), the City has agreed to assess and collect property tax sufficient to make all remaining payments due under this contract. At September 30, 2009, the outstanding debt of MEAG was $4,048,476,161. The City's guarantee varies by individual project and totals $51,481,183.

NOTE 10. PENSION PLAN

Plan Description. The City has a non-contributory defined benefit plan covering all full time employees. The plan was established by the City and the authority to amend or discontinue the plan is assigned to the City. The plan, the City of LaFayette Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS) a statewide, agent multiple employer defined benefit plan. GMEBS policy direction

and oversight for the fund is provided by a 15 member board comprised of elected and appointed municipal officials from among the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year and employees are vested after 5 years. Members may retire at age 65 with 5 years of service or at age 55 with 10 years of service. Benefits are calculated at 1% to 1.75% of the average monthly earnings for the period of the five highest years prior to retirement.

The Georgia Municipal Employees Benefit System issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Georgia Municipal Employees Benefit System, C/O Georgia Municipal Association – Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Funding Policy and Pension Cost.

The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. The recommended contribution meets the guidelines for calculating an annual required contribution as set forth in GASB Statement No. 27. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from May 1, 1982, and the current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. On the basis of the current valuation, it was determined that the current contribution rate is 13.16% of annual covered payroll.

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these funding standards is $486,095. The employer contributes the recommended contribution developed under the actuarial funding policy each year, so it meets or exceeds the requirements of this law.

The recommended contribution to the plan from the actuarial report dated May 1, 2008, was $313,525 ($0 employee and $313,525 employer; 0% and 7.37% of covered payroll respectively). The City's covered payroll for eligible employees was $4,254,818. Based upon the actuarial valuation of May 1, 2009, the recommended contribution for the coming year is $547,087, which is 13.16% of estimated payroll of $4,156,934.

Funded Status
GASB No. 27 requires disclosure of the City's annual pension cost, percentage of annual percentage cost contributed and net pension obligation for the most recent three years.

Three-Year Trend Information

Plan Year Ending	Employer Annual Pension Cost (APC)	Percentage Of APC Contributed	Net (EOY) Pension Obligation
May 1, 2009	$ 273,856	100%	$ 0
May 1, 2008	283,955	100%	0
May 1, 2007	267,872	100%	0

Schedule of Funding Progress

Actuarial Valuation For Plan Year Ending 5/1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Unfunded Actuarial Accrued Liability (Excess) (2) – (1)	(4) Funded Ratio (1) / (2)	(5) Covered Payroll	(6) Unfunded Actuarial Accrued Liability as % Of Covered Payroll (3) / (5)
2009	$ 5,720,324	$ 8,601,622	$ 2,881,298	66.50%	$ 4,156,934	69.31%
2008	8,222,073	8,239,861	17,788	99.78%	4,254,818	0.42%
2007	7,750,540	7,521,716	(228,824)	103.04%	4,070,729	(5.62)%
2006	7,249,056	6,760,189	(488,867)	107.23%	4,035,333	(12.1)%
2005	6,807,730	6,513,288	(294,442)	104.5%	3,838,810	(7.7)%
2004	6,459,919	6,127,361	(332,558)	105.4%	3,715,119	(9.0)%
2003	6,172,851	5,715,364	(457,487)	108.0%	3,423,345	(13.4)%
2002	5,988,323	5,278,575	(709,748)	113.4%	3,273,972	(21.7)%
2001	5,734,689	4,911,070	(823,619)	116.8%	3,115,096	(26.4)%
2000	5,449,665	4,490,542	(959,123)	121.4%	2,829,865	(33.9)%
1999	5,081,032	4,224,083	(856,949)	120.3%	2,656,186	(32.3)%

Significant Actuarial Assumptions

The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the plan meet the Actuarial Standard of Practice No. 4, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

The significant actuarial assumptions used in the current valuation are:

Rate of Return on Investment	8.0% per year
Projected Salary Increase for	
Inflation	5.0% per year
Merit or Seniority	0.5% per year
Postretirement Benefit Increases	Not Applicable
Economic Assumptions	
Annual Rates of increase in	
Salaries	5.5%
Future Social Security Wage Bases	5.5%
Cost of Living Adjustment	N/A
Actuarial Methods	
Normal Cost and Actuarial Accrued Liability	Projected Unit Credit
Amortization method	Level dollar
Actuarial Value of Assets	Roll forward prior year's actuarial value with contributions, disbursements, and expected return on investments, plus (minus) 10%

of the amount that Market Value of Assets exceeds (is less than) Expected Actuarial Value of Assets

In addition, the Actuarial Value of Assets will not be less than 70% or greater than 130% of the Market Value of Assets. This 30% corridor will be reduced by 5% each year until 2007, after which time the Actuarial Value of Assets will not be less than 80% or greater than 120% of the Market Value of Assets

The plan provisions and actuarial assumptions and cost methods are the same as those used to determine the contribution requirement for the preceding year.

As of May 1, 2009, the plan membership includes the following categories of participants:

Retirees and beneficiaries currently receiving benefits	67
Terminated employees entitled to benefits but not yet receiving them	44
Vested active participants	102
Nonvested participants	30
Total	243

NOTE 11. SPECIAL LOCAL OPTION SALES TAX

In June 1998, voters approved a referendum to continue collection of a 1% Special Local Option Sales Tax. Collection of the tax began on October 1, 1998 with the first payment received in December 1998. The proceeds from this sales tax are to be used to pay principal and interest installments on the 1998 Public Facilities Revenue Bonds and to construct various water/sewer, airport, recreation, street and sidewalk improvements.

In June 2003, voters approved a referendum to continue collection of a 1% Special Local Option Sales Tax. Collection is schedule to begin on October 1, 2003 and end September 2008. The City's distributive share of this tax is projected to be $3,209,250 or 11.67%. The proceeds from this sales tax are to be used for acquisition and construction of improvements and the purchase of equipment for public safety, solid waste, recreation and water and sewer, the acquisition of public works equipment, the acquisition, construction and equipping of new streetscapes, new buildings and improvements for public works and equipment, building and improvements for the municipal airport.

In June 2008, voters approved a referendum to continue collection of a 1% Special Local Option Sales Tax. Collection is schedule to begin on October 1, 2008 and end September 2014. The City's distributive share of this tax is projected to be $4,434,600, or 11.67%. The proceeds from this sales tax are to be used for acquisition and construction of improvements and the purchase of equipment for public safety, solid waste, recreation and water and sewer, the acquisition of public works equipment, the acquisition, construction and equipping of new streetscapes, new buildings and improvements for public works and equipment.

NOTE 12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the following General Fund departments as follows:

General Government	$ 104,462
Fire	68,067
Recreation	37,493

In order to prevent excess expenditures in the following years, the City's management will monitor monthly budget reports and make adjustments or amendments when necessary, with approval from the City Council.

The fund balance in the City of LaFayette General Fund was $749,250 for the year ended September 30, 2009.

NOTE 13. RISK MANAGEMENT

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has joined with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for its property and liability insurance, and the Worker's Compensation Self-Insurance Fund (WCSIF) for injuries to employees. Both are public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, cooperate with the pools' agents and attorneys, follow loss reduction procedures established by the funds and to promptly report all incidents which could results in the funds being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made again the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect its members against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

During the past three fiscal years the cost of any settlements have not exceeded insurance coverage.

NOTE 14. UNEARNED/DEFERRED REVENUES

Governmental fund unearned/deferred revenue at year-end is current year property tax revenues of $12,542.

NOTE 15. RESTRICTED ASSETS

At September 30, 2009, the restricted assets account balances are comprised of the following:

Governmental activities:

	General
Restricted assets:	
Cash-grants	$ 9,044
Cash-Perpetual care	74,082
Cash-Bond Debt Service	370,207
Total restricted assets	$ 453,333

Business-type activities

	Water/Sewer	Electric
Restricted assets:		
Cash-MEAG	$ -	$ 1,192,230
Cash-Bond debt service and reserve	1,005,702	-
Cash-construction cash	21,114	-
Cash-Renewal and replacement	3,154	-
Cash-GEFA loan account	69,563	-
Total restricted assets	$ 1,099,533	$ 1,192,230

NOTE 16. FUND BALANCE/NET ASSETS

Reserves are used to indicate that a portion of the fund balance/net assets is not available for appropriation or is legally segregated for specific future use. The following reserves are used by the City:

General and Capital Projects Funds:

Reserved for capital projects-Reserved for completion of construction projects financed by SPLOST proceeds.

Water & Sewer Fund:

Reserved for Debt Service and Renewals and Replacement These reserves were created in conjunction with the issuance of revenue bonds and are funded by initial deposits from the proceeds of such bonds and by transfers from the revenue accounts to accounts that are restricted to debt service and payments for system renewals and extensions.

Fiduciary Fund:

Held in trust for revolving loans-This reserve was created to segregate a portion of the net assets as required by grant agreement.

NOTE 17. PRIOR PERIOD ADJUSTMENTS

For the year ending September 30, 2009, the general fund had a prior period adjustment to adjust capital asset balances to actual. This decreased net assets by $419,913. The electric fund had a prior period adjustment to adjust capital asset balances to actual. This decreased net assets by $4,000. The gas fund had a prior period adjustment to adjust capital asset balances to actual. This decreased net assets by $3,842. The water and sewer fund had a prior period adjustment to adjust capital asset balances to actual. This decreased net assets by $164,693.

NOTE 18. LANDFILL CLOSURE/POSTCLOSURE COSTS

The City of LaFayette operates a municipal solid waste landfill for City use only and does not accept waste from any outside parties. State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions for a period of 30 years after closure. While the City has immaterial operating costs related to the current activity at the landfill, an expense provision and related liability are being recognized based on projected future closure and postclosure care costs that will be incurred.

The recognition of these costs is based on the amount of landfill space used to date. The liability for landfill closure and postclosure costs at September 30, 2009 is $24,929. Estimated total current cost of closure and postclosure care remaining to be recognized is $373,467. However, the actual cost of closure and postclosure care may be higher due to the effects of inflation, changes in technology, or changes in landfill laws and regulations. The City currently meets applicable financial assurance requirements.

The landfill capacity used to date is approximately 6.0%. According to the most recent study, at the current usage rate, the estimated remaining life of the landfill is 437 years.

NOTE 19. HOTEL/MOTEL TAX REVENUES AND TOURISM EXPENDITURES

The City of LaFayette levies a 5% hotel/motel tax in accordance with provisions of the Official Code of Georgia section 48-13-51. This code section requires that the City expend an amount equal to the amount by which the total taxes collected under this section exceed the taxes that would be collected at a rate of 3 percent. For the year ended September 30, 2009, the amount the City collected was $27,889. In accordance with a contractual agreement, 100% of this amount or $27,889 had been paid to the Walker County Chamber of Commerce and was to be used for promotion of tourism.

NOTE 20. JOINT VENTURE

The City of LaFayette is a member of the Coosa Valley Regional Development Center (RDC). The RDC was created under the laws of the State of Georgia and cities and counties in the area served by the RDC are required to be members. The membership of the RDC includes 10 counties and 35 municipalities. The City has no equity interest in the RDC nor does the City materially contribute to the continued existence of the RDC. The Official Code of Georgia Annotated Section 50-8-39.1 states that in the event the RDC ceases operation, the membership can be assessed for any debt or obligation of the RDC. Separate financial statements may be obtained from: Coosa Valley Regional Development Center, P. O. Box 1793, Rome, Georgia 30162.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF LAFAYETTE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	Special Revenue				Capital Projects	
	Police Technology	Police	Police Forfeiture	Hotel Motel	2003 SPLOST	Total Nonmajor Governmental Funds
ASSETS						
Cash	$ 10,726	$ 33	$ 4,463	$ -	$ -	$ 15,222
Receivables (Net of Allowance for Uncollectibles):						
Accounts	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Prepaids	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Due from Other Funds	-	-	-	16,228	368,119	384,347
Notes Receivable	-	-	-	-	-	-
Cash - Restricted	-	-	-	-	-	-
Total Assets	$ 10,726	$ 33	$ 4,463	$ 16,228	$ 368,119	$ 399,569
LIABILITIES AND FUND BALANCES						
Liabilities:						
Cash Overdraft	$ -	$ -	$ -	$ -	$ -	$ -
Accounts Payable	-	-	-	-	-	-
Accrued Payable & Withholdings	-	-	-	-	-	-
Due to Other Funds	10,705	-	-	-	358,327	369,032
Compensated Absences	-	-	-	-	-	-
Customer Deposits	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Total Liabilities	10,705	-	-	-	358,327	369,032
Fund Balance:						
Reserved for:						
Capital Projects	-	-	-	-	-	-
Unreserved	21	33	4,463	16,228	9,792	30,537
Total Fund Balances	21	33	4,463	16,228	9,792	30,537
Total Liabilities and Fund Balances	$ 10,726	$ 33	$ 4,463	$ 16,228	$ 368,119	$ 399,569

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Special Revenue				Capital Projects	
	Police Technology	Police	Police Forfeiture	Hotel Motel	2003 SPLOST	Total Nonmajor Governmental Funds
REVENUES						
Taxes	$ -	$ -	$ -	$ 27,889	$ 351,718	$ 379,607
Grant Revenue	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Payments in lieu of taxes	-	-	-	-	-	-
Fines and Forfeitures	-	160,287	-	-	-	160,287
Charges for Services	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-
Interest Income	16	146	10	-	2	174
Total Revenues	16	160,433	10	27,889	351,720	540,068
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Police	52,899	-	535	-	-	53,434
Fire	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Engineering	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Garage	-	-	-	-	-	-
Animal Control	-	-	-	-	-	-
Capital Outlay:						
General Government	-	-	-	-	-	-
Streets and Roads	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Recreation	-	-	-	-	3,293	3,293
Total Expenditures	52,899	-	535	-	3,293	56,727
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,883)	160,433	(525)	27,889	348,427	483,341
OTHER FINANCING SOURCES (USES)						
Payments to other governments	(87,013)	-	-	-	-	(87,013)
Transfers - Out	(11,956)	-	-	-	-	(11,956)
Transfers - In	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(98,969)	-	-	-	-	(98,969)
Net Change in Fund Balances	(151,852)	160,433	-	27,889	348,427	384,372
Fund Balance (Deficit) - Beginning of Year	6	(8,532)	4,988	(11,661)	(338,636)	(353,835)
Fund Balance - End of Year	$ (151,846)	$ 151,901	$ 4,988	$ 16,228	$ 9,791	$ 30,537

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HOTEL/MOTEL TAX SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 33,000	$ 30,500	$ 27,889	$ (2,611)
Total Revenues	33,000	30,500	27,889	(2,611)
EXPENDITURES				
Tourism Promotion	11,000	10,000	-	10,000
Total Expenditures	11,000	10,000	-	10,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,000	20,500	27,889	7,389
OTHER FINANCING SOURCES (USES)				
Transfers - Out	(22,000)	(20,500)	-	20,500
Total Other Financing Sources (Uses)	(22,000)	(20,500)	-	20,500
Net Change in Fund Balance	-	-	27,889	27,889
Fund Balance (Deficit) - Beginning of Year	-	-	(11,661)	(11,661)
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 16,228	$ 16,228

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
2003 SPLOST
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Project Length Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 6,126,750	$ 6,126,750	$ 351,718	$ (5,775,032)
Intergovernmental	-	-	-	-
Interest Income	-	-	2	2
Total Revenues	6,126,750	6,126,750	351,720	(5,775,030)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Capital Outlays	6,126,750	6,126,750	3,293	6,123,457
Total Expenditures	6,126,750	6,126,750	3,293	6,123,457
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	348,427	348,427
OTHER FINANCING SOURCES (USES)				
Transfers - In	-	-	-	-
Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	348,427	348,427
Fund Balance (Deficit) - Beginning of Year	-	-	(338,636)	(338,636)
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 9,791	$ 9,791

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
2008 SPLOST
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Project Length Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 4,434,600	$ 4,434,600	$ 522,448	$ (3,912,152)
Intergovernmental	-	-	-	-
Interest Income	-	-	44,419	44,419
Total Revenues	4,434,600	4,434,600	566,867	(3,867,733)
EXPENDITURES				
Current:				
General Government	-	-	21,436	(21,436)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	88,112	(88,112)
Bond Issuance Costs	-	-	105,807	(105,807)
Capital Outlays	4,434,600	4,434,600	979,216	3,455,384
Total Expenditures	4,434,600	4,434,600	1,194,571	3,240,029
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(627,704)	(627,704)
OTHER FINANCING SOURCES (USES)				
2008 Bonds Issued	-	-	3,400,000	3,400,000
Transfers - In	-	-	4,070	4,070
Transfers - Out	-	-	(518,781)	(518,781)
Total Other Financing Sources (Uses)	-	-	2,885,289	2,885,289
Net Change in Fund Balance	-	-	2,257,585	2,257,585
Fund Balance (Deficit) - Beginning of Year	-	-	(568,794)	(568,794)
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 1,688,791	$ 1,688,791

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
POLICE SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Fines and Forfeitures	$ 170,300	$ 170,300	$ 160,287	$ (10,013)
Interest	100	100	147	47
Total Revenues	170,400	170,400	160,434	(9,966)
EXPENDITURES				
Current:				
Police	51,000	51,000	52,899	(1,899)
Total Expenditures	51,000	51,000	52,899	(1,899)
Excess (Deficiency) of Revenues Over (Under) Expenditures	119,400	119,400	107,535	(11,865)
OTHER FINANCING SOURCES (USES)				
Payments to Other Governments	(119,400)	(119,400)	(87,013)	32,387
Transfers - Out	-	-	(11,957)	(11,957)
Total Other Financing Sources (Uses)	(119,400)	(119,400)	(98,970)	20,430
Net Change in Fund Balance	-	-	8,565	8,565
Fund Balance (Deficit) - Beginning of Year	-	-	(8,532)	(8,532)
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 33	$ 33

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
POLICE FORFEITURE SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Fines and Forfeitures	$ 4,300	$ 4,300	$ -	$ (4,300)
Interest	100	100	10	(90)
Total Revenues	4,400	4,400	10	(4,390)
EXPENDITURES				
Current:				
Police	4,400	4,400	535	3,865
Total Expenditures	4,400	4,400	535	3,865
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(525)	(525)
OTHER FINANCING SOURCES (USES)				
Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	(525)	(525)
Fund Balance (Deficit) - Beginning of Year	-	-	4,988	4,988
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 4,463	$ 4,463

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
POLICE TECHNOLOGY SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Fine Add-Ons	$ 100	$ 100	$ -	$ (100)
Interest	10	10	15	5
Total Revenues	110	110	15	5
EXPENDITURES				
Current:				
Police	110	110	-	110
Total Expenditures	110	110	-	110
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	15	115
OTHER FINANCING SOURCES (USES)				
Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	15	115
Fund Balance (Deficit) - Beginning of Year	-	-	6	6
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 21	$ 121

The accompanying notes are an integral part of this financial statement.

STATISTICAL SECTION

CITY OF LAFAYETTE, GEORGIA
STATISTICAL SECTION
SEPTEMBER 30, 2009

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS **PAGES**

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 68-72

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant revenue source, the property tax. 73-76

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the Agency's ability to issue additional debt in the future. 77-79

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 80-82

Operating Information

These schedules contain service and infrastrucure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 83-84

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Lafayette, Georgia
Net Assets By Component
Last Three Fiscal Years
(accrual basis of accounting)

	2007	2008	2009
Governmental activities			
Invested in capital assets, net of related debt	$ 6,925,052	$ 5,415,144	$ 2,587,120
Restricted	655,142	159,095	370,207
Unrestricted	817,772	(478,789)	1,888,574
Total governmental activities net assets	$ 8,397,966	$ 5,095,450	$ 4,845,901
Business-type activities			
Invested in capital assets, net of related debt	$ 18,053,148	$ 21,967,815	$ 21,644,406
Restricted	1,202,647	1,229,047	1,230,702
Unrestricted	2,626,272	1,538,196	2,666,153
Total business-type activities net assets	$ 21,882,067	$ 24,735,058	$ 25,541,261
Primary government			
Invested in capital assets, net of related debt	$ 24,978,200	$ 27,382,959	$ 24,231,526
Restricted	1,857,789	1,388,142	1,600,909
Unrestricted	3,444,044	1,059,407	4,554,727
Total primary government net assets	$ 30,280,033	$ 29,830,508	$ 30,387,162

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2007. Therefore, ten years of data is not available, but will be accumulated over time.

City of Lafayette, Georgia
Changes in Net Assets
Last Three Fiscal Years
(accrual basis of accounting)

	2007	2008	2009
Expenses			
Governmental activities:			
General Government	$ 936,752	$ 984,479	$ 1,071,282
Police	1,354,576	1,596,423	1,616,848
Fire	273,813	381,843	411,645
Public Works	949,226	959,681	952,337
Engineering	313,863	371,007	313,018
Recreation	845,284	990,485	836,134
Garage	171,259	239,752	170,778
Animal Control	45,876	49,090	49,073
Interest on Long-term Debt	-	-	88,112
Total governmental activities expenses	4,890,649	5,572,760	5,509,227
Business-type activities:			
Electric	7,476,015	6,415,012	5,941,777
Gas	3,173,016	3,195,382	2,524,138
Water & Sewer	3,050,299	3,092,514	3,062,970
Solid Waste	566,598	571,896	468,771
Golf	663,517	720,431	729,031
Airport	203,707	288,331	338,773
Total business-type activities expenses	15,133,152	14,283,566	13,065,460
Total primary government expenses	$ 20,023,801	$ 19,856,326	$ 18,574,687
Program Revenues			
Governmental activities:			
Charges for services:			
General Government	$ 744,994	$ 727,865	$ 741,448
Police	234,411	265,671	226,688
Fire	-	-	-
Public Works	36,705	62,065	63,480
Engineering	-	-	10,619
Recreation	121,526	114,843	106,635
Garage	-	-	-
Animal Control	78	48	124
Operating grants and conributions	84,164	73,729	37,162
Capital grants and contributions	262,651	41,474	279,448
Total governmental activities program revenues	1,484,529	1,285,695	1,465,604
Business-type activities:			
Charges for services:			
Electric	6,952,011	7,150,710	7,313,826
Gas	3,698,030	3,692,304	3,079,206
Water & Sewer	3,276,325	3,170,295	3,322,222
Solid Waste	422,076	470,525	504,938
Golf	539,918	527,709	598,882
Airport	118,819	114,928	99,184
Operating grants and conributions	-	-	-
Capital grants and contributions	-	1,391,617	75,211
Total business-type activities program revenues	15,007,179	16,518,088	14,993,469
Total primary government program revenues	16,491,708	17,803,783	16,459,073
Net (expense) revenue			
Governmental activities	(3,406,120)	(4,287,065)	(4,043,623)
Business-type activities	(125,973)	2,234,522	1,928,009
Total primary government net (expense)	(3,532,093)	(2,052,543)	(2,115,614)

City of Lafayette, Georgia
Changes in Net Assets
Last Three Fiscal Years
(accrual basis of accounting)

(continued)

	2007	2008	2009
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property	438,279	507,138	533,775
Sales	1,006,545	545,066	1,380,487
Hotel/Motel	29,975	29,153	27,889
Insurance Premium	351,184	366,324	375,099
Business/Occupation	129,065	74,973	75,158
Beverage	216,981	123,495	132,496
Franchise	76,763	266,226	279,595
Other	30,846	625,632	375,690
Investment Earnings	40,547	22,316	45,862
Miscellaneous	304,805	126,193	41,230
Payments to Other Governments	(165,148)	(200,471)	(87,013)
Gain on Sale of Capital Assets	-	(1,378,995)	44,200
Transfers	1,974,000	(122,501)	989,519
Total governmental activities	4,433,842	984,549	4,213,987
Business-type activities:			
Investment earnings	209,097	108,671	39,503
Gain on Sale of Capital Assets	-	(258,915)	745
Transfers	(1,974,000)	122,501	(989,519)
Total business-type activities	(1,764,903)	(27,743)	(949,271)
Total primary government	$ 2,668,939	$ 956,806	$ 3,264,716
Change in Net Assets			
Governmental activities	$ 1,027,722	$ (3,302,516)	$ 170,364
Business-type activities	(1,890,876)	2,206,779	978,738
Total primary government	$ (863,154)	$ (1,095,737)	$ 1,149,102

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2007. Therefore, ten years of data is not available, but will be accumulated over time.

City of Lafayette, Georgia
Fund Balances of Governmental Funds
Last Three Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009
General Fund			
Reserved	$ -	$ -	$ -
Unreserved	835,558	702,378	749,250
Total general fund	$ 835,558	$ 702,378	$ 749,250
All other governmental funds			
Reserved	$ 655,142	$ (338,635)	$ 370,207
Unreserved	38,099	(583,994)	1,349,121
Total all other governmental funds	$ 693,241	$ (922,629)	$ 1,719,328

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2007. Therefore, ten years of data is not available, but will be accumulated over time.

City of Lafayette, Georgia
Changes in Fund Balances of Governmental Funds
Last Three Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009
Revenues			
Taxes	$ 2,279,636	$ 1,856,607	$ 2,708,982
Grant Revenue	262,651	53,551	129,917
Licenses and Permits	29,521	17,011	11,519
Intergovernmental	64,133	39,624	180,545
Payments in lieu of taxes	-	17,811	30,907
Fines and Forfeitures	234,411	278,683	273,686
Charges for Services	907,498	232,636	223,217
Contributions and donations	-	3,281	7,015
Miscellaneous Income	271,796	1,448,638	1,127,298
Interest Income	40,547	22,293	45,848
Total revenues	4,090,193	3,970,135	4,738,934
Expenditures			
General Government	874,087	885,421	927,908
Police	1,288,673	1,494,251	1,406,363
Fire	252,814	322,461	294,913
Public Works	888,993	862,912	787,221
Engineering	313,303	331,100	278,499
Recreation	739,367	850,184	740,019
Garage	170,945	200,080	152,250
Animal Control	45,876	49,090	43,749
Principal	-	-	-
Interest	-	-	88,112
Bond Issuance Costs	-	-	105,807
Capital Outlay	705,815	1,995,556	1,122,077
Total expenditures	5,279,873	6,991,055	5,946,918
Excess of revenues over (under) expenditures	(1,189,680)	(3,020,920)	(1,207,984)
Other financing sources (uses)			
2008 Bonds Issued	-	-	3,400,000
Payment to Other Governments	(165,148)	(125,869)	(87,013)
Transfers out	(187,275)	(566,635)	(984,700)
Transfers in	2,161,275	1,941,100	1,524,326
Sale of capital assets	-	23,273	44,200
Total other financing sources (uses)	1,808,852	1,271,869	3,896,813
Net change in fund balances	$ 619,172	$ (1,749,051)	$ 2,688,829
Debt service as a percentage of non capital expenditures	0.0%	0.0%	4.0%

[1] The City implemented GASB 34, the new reporting standard, in fiscal year 2007. Therefore, ten years of data is not available, but will be accumulated over time.

City of Lafayette, Georgia
Assessed Value and Estimated Actual Value of Taxable Property
Last Six Fiscal Years

Fiscal Year Ended September 30	Real Property			Personal Property		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value[1] as a Percentage of Actual Value
	Residential Property	Industrial Property	Commercial Property	Motor Vehicles	Other					
2004	$ 55,338,599	$ 54,650,805	$ 39,305,084	$ -	$ 3,094,031	$ 18,087,874	$ 134,300,645	3.31	$ 335,751,613	40%
2005	56,169,149	54,590,950	37,214,445	-	3,068,048	19,205,764	131,836,828	3.20	329,592,070	40%
2006	68,346,204	48,118,166	37,757,322	-	3,392,759	12,732,550	144,881,901	3.00	362,204,753	40%
2007	70,343,584	48,454,969	38,307,577	-	3,687,189	12,781,998	148,011,321	2.99	370,028,303	40%
2008	70,343,584	48,454,469	38,307,577	-	3,687,189	12,781,998	148,010,821	2.99	370,027,053	40%
2009	71,519,493	43,460,692	39,974,969	-	3,704,303	15,266,054	143,393,403	2.99	358,483,508	40%

Source: Property in Walker County is reassessed annually. The county assesses property at approximately 40 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing the assessed value by this percentage.
Tax rates are per $1,000 of assessed value.

[1] Includes tax-exempt property.

[2] Data not currently available earlier than 2004. As it becomes available, and as future years' data accrue, ten years' worth of trend data will be presented.

City of Lafayette, Georgia
Direct and Overlapping Governments Property Tax Rates
Last Ten Fiscal Years

	Direct Rates	Overlapping Rates		
Fiscal Year	City of Lafayette Operating Millage	Walker County (A)	State of Georgia	Total Direct and Overlapping Rates
2000	4.00	18.00	0.25	22.25
2001	3.80	19.16	0.25	23.21
2002	3.60	20.59	0.25	24.44
2003	3.34	20.57	0.25	24.16
2004	3.31	20.57	0.25	24.13
2005	3.20	22.56	0.25	26.01
2006	3.00	22.33	0.25	25.58
2007	2.99	22.29	0.25	25.53
2008	2.99	22.29	0.25	25.53
2009	2.99	22.07	0.25	25.31

(A) Includes levy for Walker County Board of Education
(B) This statewide levy is collected for the State by the County on the basis of the County's assessed value (40% of fair market value)

City of Lafayette, Georgia
Principal Property Taxpayers
Current Year and Ten Years Ago
September 30, 2009

	2009				1999		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxpayer**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Ropcor LP	$ 20,557,421	1	14.3%				
Blue Bird of N. Georgia	6,554,239	2	4.6%				
Georgia Windstream, Inc.	3,030,174	3	2.1%				
Walmart	2,696,993	4	1.9%				
Zorn, Eric, As Trustee	2,423,322	5	1.7%		**SEE NOTE, BELOW.**		
Blue Bird Body Company	1,438,405	6	1.0%				
LaFayette Station	1,397,905	7	1.0%				
Syntec Industries	1,100,439	8	0.8%				
Auto Custom Carpets, Inc.	998,536	9	0.7%				
NorthEast Enterprises	945,136	10	0.7%				
Totals	$ 41,142,570		28.7%	Totals	$ -		0.0%

Source:Walker County Tax Commissioner

Total Taxable Assessed Value 143,393,403

NOTE: Comparative data for 1999 fiscal year was unavailable. Comparative data for 2000 fiscal year and later will be available for future years' reports.

City of Lafayette, Georgia
Property Tax Levies and Collections
September 30, 2009

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal year	Collected within the Fiscal year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	$ 424,864	$ 408,800	96.2%	$ 15,478	$ 424,278	99.9%
2001	418,271	406,895	97.3%	13,925	420,820	100.6%
2002	431,995	422,586	97.8%	18,303	440,889	102.1%
2003	419,595	400,824	95.5%	5,552	406,376	96.8%
2004	393,199	381,394	97.0%	16,150	397,544	101.1%
2005	410,943	395,902	96.3%	13,700	409,602	99.7%
2006	386,687	382,371	98.9%	24,514	406,885	105.2%
2007	403,693	387,906	96.1%	8,350	396,256	98.2%
2008	442,552	361,551	81.7%	39,939	401,490	90.7%
2009	454,485	370,025	81.4%	-	370,025	81.4%

Source:Walker County Tax Commissioner

City of Lafayette, Georgia
Ratios of Outstanding Debt by Type
Last Eight Fiscal Years

Fiscal Year	Governmental Acitivities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita	Per Capita Income	Population Per Capita Income
	General Obligation Bonds	Notes Payable	Capitilized Leases	Water/Sewer Revenue Bonds	Notes Payable	Capitilized Leases					
2002	$ 215,000	$ 235,500	$ -	$ 4,685,000	$ 2,359,531	$ 143,527	$ 7,638,558	7.18%	1,140	$ 15,867	$ 106,340,634
2003	-	89,121	-	4,325,000	2,943,927	-	7,358,048	5.12%	1,102	21,542	143,814,392
2004	-	-	-	3,940,000	2,822,026	-	6,762,026	4.38%	1,010	23,093	154,538,356
2005	-	-	-	3,535,000	2,695,988	-	6,230,988	5.77%	916	15,867	107,911,467
2006	-	-	-	3,105,000	2,739,607	-	5,844,607	3.66%	841	22,979	159,612,134
2007	-	-	-	2,670,000	2,562,113	-	5,232,113	3.15%	753	23,942	166,301,132
2008	-	-	-	2,185,000	2,377,656	-	4,562,656	5.10%	661	12,967	89,472,300
2009	3,400,000	-	-	1,680,000	3,574,017	-	8,654,017	9.67%	1,254	12,967	89,472,300

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See the Schedule of Demographic and Economic Statistics on page 76 for person income and population data.

(2) Data not currently available earlier than 2002. As it becomes available, and as future years' data accrue, ten years' worth of trend data will be presented.

City of Lafayette, Georgia
Direct and Overlapping Governmental Activities Debt
As of September 30, 2009

Governmental unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:Walker County	$ 4,428,377	12%	$ 531,405
City of Lafayette direct debt	3,400,000	100%	3,400,000
Total direct and overlapping debt	$ 7,828,377		$ 3,931,405

Sources: Assessed value data used to estimate applicable percentages provided by the Walker County Tax Commissioner. Debt outstanding data provided by Walker County and the City.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of the City of Lafayette. This process recognizes that, when considering the City's ability to issue and repay long-term debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

[1] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

City of Lafayette, Georgia
Pledged-Revenue Coverage
Last Seven Fiscal Years

	Revenue Bonds					
				Debt Service		
Fiscal Year	Utility Service Charges and Other	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2003	$ 2,925,570	$ 1,775,367	$ 1,150,203	$ 550,000	$ 132,995	1.7
2004	3,120,287	1,916,832	1,203,455	575,000	104,413	1.8
2005	3,024,137	1,918,945	1,105,192	405,000	192,375	1.9
2006	3,213,657	1,926,659	1,286,998	430,000	167,385	2.2
2007	3,047,748	2,819,078	228,670	510,000	111,090	0.4
2008	3,032,877	2,917,010	115,867	530,000	90,720	0.2
2009	3,253,674	2,258,290	995,384	505,000	84,461	1.7

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Utility service charges and other includes water/sewer charges and investment earnings but not tap fees.
Operating expenses do not include depreciation or interest.

Years 2002 through 2004 include Public Facilities Revenue Bonds and Water Revenue Bonds.

City of LaFayette, Georgia
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Income [1]	Median Age [1]	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate/Percent
2000	6,234	17,950	36.5	12	8,563	3.0
2001	6,702	19,900	37.9	12	8,539	4.0
2002	6,702	15,867	37.1	12	8,509	3.5
2003	6,676	21,542	37.1	12	8,500	3.0
2004	6,692	23,093	38.0	12	8,930	2.5
2005	6,801	15,867	37.1	12	9,000	4.7
2006	6,946	22,979	37.0	12	9,290	4.5
2007	6,946	23,942	37.0	12	9,143	6.4
2008	6,900	12,967	37.0	12	9,337	5.8
2009	6,900	12,967	38.0	12	9,279	10.4

Sources: NW Georgia Joint Development Authority,Georgia Department of Education, and the most recent U.S. Census

[1] Estimated

City of Lafayette, Georgia
Principal Employers
September 30, 2009

Rank	Employer	Industry	Number of Employees	% of Total
1	Roper Corp	Stoves	1,250	30.47%
2	Walker Co Bd of Education	Education	1,444	35.20%
3	Bluebird N Ga	Buses	350	8.53%
4	Walmart	Retail	251	6.12%
5	Walker Co Government	Government	380	9.26%
6	Symtac Ind	Yarn	92	2.24%
7	City of LaFayette	Government	136	3.32%
8	Walker co Sheriff Dept	Government	120	2.93%
9	Bank of LaFayette	Banking	53	1.29%
10	Quality Cpt Cushion	Carpet	26	0.63%
	Total		4,102	100.00%

[1] This information historically has not been available to present ten years' worth of trend data. Comparative data will be provided in future years, as this information is accumulated going forward.

City of Lafayette, Georgia
Number of City Employees By Function/Program
Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	7	7	7	7	7	7	7	7	7	7
Police	18	17	17	18	19	19	19	19	19	21
Fire	4	4	4	4	4	4	4	5	5	5
Garage	3	3	3	3	3	3	3	3	3	3
Culture and recreation	15	15	15	15	15	15	15	13	12	9
Public works	14	11	13	15	17	16	16	16	16	14
Sanitation	14	14	11	7	6	6	6	6	6	4
Total	75	71	70	69	71	70	70	69	68	63

City of Lafayette, Georgia
Operating Indicators by Function/Program
Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Physical arrests	442	424	386	414	467	430	411	363	507	462
Parking violations	120	95	136	145	75	98	125	9	25	11
Traffic violations	1,669	1,534	1,317	1,367	1,552	1,449	878	980	1,129	763
Fire										
Emergency responses	188	153	187	166	215	231	206	360	326	553
Fires extinguished	47	40	45	34	65	60	45	92	55	78
Culture and recreation										
Participation fees	N/A	$ 81,849	$ 82,987	$ 94,201	$ 86,839	$ 98,467	$ 111,150	$ 129,808	$ 118,484	$ 117,482
Library volumes	145,706	145,706	76,000	76,000	76,000	101,257	69,002	70,000	69,297	71,203
Public works										
Street resurfacing miles	2.13	0.76	1.40	1.40	1.02	1.00	1.13	1.37	1.15	1.09
Housing and development										
Building permits issued	260	276	310	221	230	147	149	113	73	59
Sanitation										
Number customers	2,704	2,712	2,711	2,702	2,692	2,695	2,685	2,763	2,773	2704

City of Lafayette, Georgia
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	18	17	17	18	19	19	19	19	20	20
Culture and recreation										
Acreage	147.5	147.5	147.5	147.5	147.5	147.5	147.5	147.5	147.5	147.5
Baseball/softball fields	9	9	9	9	9	9	9	9	6	6
Soccer/football fields	2	2	2	2	2	2	2	2	3	3
Public works										
Miles of streets	82.1	82.1	82.1	82.1	82.1	82.1	82.1	82.1	82.1	82.1
Housing and development										
Building permits issued	260	276	310	221	230	147	149	113	113	59
Sanitation										
Collection vehicles	3	3	3	3	3	3	3	3	3	3

COMPLIANCE SECTION

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WILLIAMSON & CO., CPA's
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

EARL WILLIAMSON
LLOYD WILLIAMSON

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and
Members of the City Council
City of LaFayette, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of LaFayette, Georgia, as of and for the year ended September 30, 2009, which collectively comprise the City of LaFayette, Georgia's basic financial statements and have issued our report thereon dated February 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of LaFayette, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of LaFayette, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of LaFayette, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of LaFayette, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of LaFayette, Georgia's financial statements that is more than inconsequential will not be prevented or detected by the City of LaFayette, Georgia's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. These deficiencies are listed as findings 09-1, 09-2, and 09-3 in the Schedule of Findings and Questioned Costs.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of LaFayette, Georgia's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above are not material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of LaFayette, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did disclose instances of noncompliance that are required to be reported under *Government Auditing Standards*, and which are described in the Schedule of Findings and Responses as items 09-1 and 09-2.

We noted certain matters that we reported to management of the City of LaFayette, Georgia, in a separate letter dated February 26, 2010.

The City of LaFayette, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City of LaFayette, Georgia's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, City Council, and the Georgia Department of Audits and is not intended to be and should not be used by anyone other than these specified parties.

Williamson + Company

Williamson and Company
Certified Public Accountants
February 26, 2010

Finding 09-1 Budget Reports

Condition: The City's actual expenditures exceeded the general fund budget as follows:

General Government	$ 104,462
Fire	68,067
Recreation	37,493

Criteria: The budget should control the expenditures for the City.

Recommendation: As the actual expenditures start to exceed the budget an amendment to the budget should be made or the expense should not be incurred. The City Manager and City Council should review the "budget vs. actual" expenditure report each month to make certain the City does not exceed approved spending levels.

Management's response: Management has improved in this area from the prior year, with fewer departmental overruns being reported. The City Clerk reviews the financial report and compares the "budget vs. actual" monthly. An annual budget amendment is normally made to account for overages in line items. We anticipate that this procedure will help reduce/prevent any future budget overages.

Finding 09-2 Monthly and Year-End Adjusting Entries

Continues from previous year, some improvements have been made but it continues to be a finding and a problem for statements at year end.

Condition: The City required numerous adjusting and reclassifying entries at year-end. This results in the monthly statements being unreliable for the City Manager and council to use for planning and decision-making, in addition to contributing to budget overruns as items are correctly reclassified, sometimes resulting in departmental overruns.

Criteria: The monthly general ledger should be reviewed and adjusted as needed. The general ledger should be reconciled to subsidiary ledgers or other supporting documents.

Recommendation: The monthly working trial balance should be printed each month and the "month-end" balances compared to the following:

Reconciled cash
Outstanding billing reports
Accounts payable reports
Unpaid property tax reports
Others as needed

Management's response: The prior City Clerk retired and the adjustment for the new City Clerk will require some additional training but we anticipate substantial reductions in the number of year-end adjustments required for the September 30, 2010 year-end.